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Promotion and protection of human rights: human rights questions, including alternative approaches for improving the effective enjoyment of human rights and fundamental freedoms

Human rights and cultural diversity

Report of the Secretary-General

Summary

The present report is submitted to the General Assembly pursuant to its resolution 64/174, in paragraph 18, of which it requested the Secretary-General to prepare a report on human rights and cultural diversity, taking into account the views of Member States, relevant United Nations agencies and non-governmental organizations, for the Assembly at its sixty-sixth session.

In the light of that request, the Office of the United Nations High Commissioner for Human Rights invited States, United Nations agencies and non-governmental organizations to submit written comments regarding the recognition and importance of cultural diversity among all peoples and nations in the world. The report provides a summary of the answers received. The comments received from Governments focus on measures taken within the State to promote cultural diversity and to protect and ensure access to cultural heritage.

* A/66/150.

I. Introduction

1. The General Assembly, in paragraph 18 of its resolution 64/174, requested the Secretary-General to prepare a report on human rights and cultural diversity, taking into account the views of Member States, relevant United Nations agencies and non-governmental organizations, for the Assembly at its sixty-sixth session. In response to the request for information sent by the Office of the United Nations High Commissioner for Human Rights, as of 15 July 2011, 16 replies had been received from Member States and 1 reply had been received from a non-governmental organization. The submissions of Madagascar and the United Nations Educational, Scientific and Cultural Organization were received too late to be included in the present report. The replies are summarized below.

II. Summary of information received from Governments

Azerbaijan

[Original: English]

[7 June 2011]

In its submission, Azerbaijan defines itself as a multinational and multireligious country. Its national policy is defined on the principles of tolerance and coexistence of various nationalities, ethnic groups and religious minorities.

Azerbaijan reports on different initiatives to enhance religious pluralism, including the reopening of a synagogue and of a Lutheran church, the opening of a Jewish school in Baku, the organization of seminars on religious and cultural diversity by the State Committee on Work with Religious Organizations and the publication of newspapers, informational materials and books on tolerance and religious issues. Azerbaijan hosted a successful international conference on interreligious dialogue in 2009, the World Religious Leaders Summit in 2010 and a round table on interconfessional harmony in building civil society in 2011. In 2011 the European Parliament organized a conference on "European Union-Azerbaijan relations: intercultural dialogue", with the participation of members of the European Parliament, public authorities, media and representatives from Azerbaijani Muslim, Orthodox, Jewish and Albanian-udi confessions.

Other events took place under the so-called "Baku process" for the promotion of intercultural dialogue, which brings together people of different origins and with different educational backgrounds through projects and programmes in the field of cultural and religious dialogue. The process is led by Azerbaijan, in cooperation with the Council of Europe, the United Nations Educational, Scientific and Cultural Organization (UNESCO), the Islamic Educational, Scientific and Cultural Organization, the United Nations Alliance of Civilizations and the Heydar Aliyev Foundation. Events organized under the Baku process include: the Sixth Islamic Conference of Culture Ministers, the European Capitals of Culture initiative and the World Forum on Intercultural Dialogue.

Azerbaijan's submission also includes a document called "Azerbaijan — country of cultural diversity", which describes the unique character of the country as a crossroads between the East and the West, the South and the North, a position

which has led to a unique and harmonious combination of the traditions of different cultures and civilizations and created a spirit of tolerance and respect for different cultures and nationalities.

Azerbaijan ratified the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions in 2009. The Government has adopted a special plan for the implementation of the Convention, which features a project called "Cultural diversity is our cultural identity", aiming to organize various events on the theme of national cultural solidarity in the regions throughout the country, with the participation of national minorities and local communities. Other projects include the "People's Art Capitals" project and the Art Festival of National Minorities "Azerbaijan — our native land".

Bosnia and Herzegovina

[Original: English]
[8 June 2010]

The submission by Bosnia and Herzegovina presents a detailed account of the constitutional and legal framework guaranteeing the highest level of internationally recognized human rights and fundamental freedoms. The Constitution provides for the direct application of international human rights instruments such as the European Convention for the Protection of Human Rights and Fundamental Freedoms. Various pieces of legislation and institutions were established for the implementation and protection of the above-mentioned rights. These include the adoption of several laws on the protection of national minorities' rights and the Law on Freedom of Religion and Legal Position of Churches and Religious Communities, the establishment of the Council for National Minorities of the Parliamentary Assembly, the adoption of the Action Plan on the Educational Needs of Roma and Members of Other National Minorities, the Strategy for Addressing Roma Issues, the Action Plan for Addressing Roma Issues in the Field of: Employment, Housing and Health Care and the appointment of the National Coordinator for the Decade of Roma Inclusion 2005-2015. The country has also ratified two international agreements, one with the Holy See and one with the Serbian Orthodox church.

Bosnia and Herzegovina has also adopted laws on gender equality and domestic violence and has established a national ombudsman institution with specific departments dealing with the rights of national, religious and other minorities, persons with disabilities, children and detainees and prisoners. The Parliament is presently discussing an anti-discrimination law. A study has been conducted in order to assess the conformity of national legislation with the provisions of the European Convention for the Protection of Human Rights and Fundamental Freedoms.

Being a multireligious and thus a multicultural community, Bosnia and Herzegovina is committed to the respect of human rights and fundamental freedoms through the strengthening of democracy, multicultural dialogue and respect for ethnic, cultural and religious diversity and combating all forms of discrimination and intolerance. Dialogue between different ethnic groups is considered the primary means to link diversities and develop tolerance in society. Bosnia and Herzegovina is home to 3 constituent peoples (Bosniacs, Serbs and Croats) and 17 national

minorities. Different institutions have been established or recognized to foster interethnic dialogue: the Interreligious Council of Bosnia and Herzegovina, Link Diversity, the Roma Committee and the Council for National Minorities. Measures to enhance interethnic and interreligious dialogue include radio and television programmes on minority communities, film festivals and support for non-governmental organization and interreligious institutions initiatives on human rights and diversity.

Religious diversity is part of the rich heritage and identity of Bosnia and Herzegovina. The country is home to four major monotheistic religions (Catholicism, Islam, Judaism and Orthodox Christianity). In Sarajevo, the nation's capital, major temples representing each religion are located only 500 meters apart. While part of the historic cultural heritage was damaged during the tragic conflict that took place between 1992 and 1995, the country has devoted efforts to protecting and restoring its cultural heritage. The submission details some of these endeavours. In addition, acts of destruction or damage of cultural heritage have been criminalized by law. The diversity of the country's cultural heritage is also reflected in its museums, art festivals, literary meetings and art exhibitions.

Canada

[Original: English]

[6 June 2010]

Canada is building an integrated, socially cohesive society by fostering intercultural understanding, civic memory and pride and respect for core democratic values, and by promoting equal opportunity for individuals of all origins. This has been achieved through legislation, policies and programming nationally, provincially and municipally. Cultural diversity in Canada is based on three main pillars: aboriginal populations, linguistic duality and ethnocultural and religious diversity. In addition to the three founding peoples (Aboriginal, English and French), the ethnocultural diversity of Canada has increased greatly in recent decades as a result of open and large-scale immigration from a variety of countries.

Cultural diversity in Canada is supported by a broad framework of laws and policies, including the Multiculturalism Act, the Official Languages Act, employment equity, human rights legislation and the Constitution. The Constitution Act granted collective rights to aboriginal people and official-language minority groups and the 1982 Canadian Charter of Rights and Freedoms required that its provisions be interpreted in a manner consistent with the preservation and enhancement of the multicultural heritage of Canadians.

The 1988 Multiculturalism Act affirmed diversity as a fundamental characteristic of Canadian society and committed to a policy of multiculturalism designed to preserve and enhance the multicultural heritage of Canadians, while working to achieve the equality of all Canadians in the economic, social, cultural and political life of Canada. The Multiculturalism Act required the federal Government to promote the full and equitable participation of all individuals and communities of all origins, to eliminate barriers to that participation and to encourage and assist all Canadian institutions to be both respectful and inclusive of the multicultural character of Canada. It also granted the designated minister the

responsibility to implement the multiculturalism programme and to coordinate activities and practices in support of that policy.

The multiculturalism programme had three broad objectives: to build an integrated, socially cohesive society; to improve the responsiveness of institutions to the needs of a diverse population; and to actively engage in discussions on multiculturalism and diversity at the international level. Understanding that equal opportunity for individuals of all backgrounds is an important part of fostering an integrated society, the current focus of the programme is on integration, shared civic and democratic values and supporting intercultural and interfaith understanding.

One of the main vehicles for programme delivery in the area of cultural diversity is Inter-Action, a multiculturalism grants and contributions programme. This programme has a "projects" and an "events" stream, both of which provide members of different ethnocultural or religious communities with opportunities to build bridges among communities to promote intercultural understanding. The "projects" stream provides funding for long-term, multi-year community development and engagement projects to promote integration. The "events" stream supports community events, such as celebrations of a community's historic contributions to Canada, musical performances that bridge ethnic, cultural or religious communities and intercultural dialogues to share cultural heritage, traditions and viewpoints.

Public education programming is another way in which Canada supports cultural diversity. One example of such programming is Asian Heritage Month, designated officially by the Canadian Government in 2002 to take place in May each year. Asian Heritage Month provides an opportunity for Canadians to participate in festivities across the country that celebrate the achievements and contributions of Canadians of Asian heritage. Similarly, Black History Month takes place every February and comprises festivities and events that honour the past and present legacy of black Canadians. In addition, the Paul Yuzyk Award for Multiculturalism recognizes individuals in communities across Canada who have made exceptional contributions to multiculturalism and diversity in Canada.

Colombia

[Original: Spanish]
[6 June 2010]

Colombia offered a very detailed overview of legal and other measures adopted to ensure cultural diversity. Cultural diversity is recognized by the Colombian Constitution, and the country has ratified Convention 169 of the International Labour Organization and is considering the ratification of the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions. Protection of the cultural richness is considered one of the goals of the State. Measures have been adopted, particularly in relation to Afro-Colombian peoples, indigenous peoples and the Roma people.

The Ministry of Culture has contributed to a number of initiatives within the framework of the General Law on Culture. Concerned groups were consulted in the adoption of relevant legal measures. Efforts have been made to document and protect the intangible cultural patrimony of indigenous peoples and

Afro-Colombians. Books were published and workshops, celebrations and cultural activities were organized to acknowledge and give visibility to the contributions of ethnic groups in the construction of the nation. The Ministry of Culture has also taken initiatives in the field of communications, including television and radio broadcasts focusing on cultural events involving ethnic communities, the strengthening of indigenous and citizen radios and the promotion of the use of information and communication technologies among indigenous, Afro-Colombian and Roma peoples. The National System of Culture, established by the General Law of Culture, allows for the participation of different groups of the population in decision-making structures regarding cultural policy in the national, regional and municipal level.

The Ministry of Education has adopted ethno-education as its methodological priority regarding the education of ethnic groups. The implementation of ethno-education is based on inter-institutional alliances, involving the self-government of the communities and the different levels of government. The goal of the policy of differentiated educational attention towards ethnic groups is to improve the access, permanence, promotion and pertinence of education, in relation with the worldview and pedagogic, cultural and linguistic expectations of each people. Coordination, interculturality and a dialogue between the different communities of knowledge are considered fundamental means in this regard. Initiatives include technical assistance to educational authorities in order to implement the normative framework regarding ethnic groups, consultation and participation of the concerned peoples, promotion and guidance for the creation and implementation of Afro-Colombian chairs in educational facilities, the adoption of legislation and programmes to protect ethnolinguistic diversity, including mandatory teaching of native languages where they are spoken, and the advancement of a proposal for an autonomous educational system for indigenous peoples. Different actions have also been undertaken in the area of human rights education, in collaboration with national and international institutions.

The Ministry of Justice and the Interior, which is in charge of the protection of human rights and cultural diversity, has also taken action through its respective departments for Afro-Colombian, indigenous, minority and Roma affairs. Colombia reports with detail the legislative and normative measures adopted to guarantee non-discrimination, political participation and the protection of the cultural identity of ethnic groups. A legal framework was adopted for the protection of the Roma people.

Colombia has also adopted measures to promote cultural diversity in its foreign policy, including active cooperation with UNESCO, international cooperation and cultural and academic interchanges with other States. In this sense, Colombia has adopted 46 international agreements for cultural cooperation and interchange with different countries.

Cuba

[Original: Spanish]
[8 July 2011]

According to the submission of Cuba, the recognition of the universal character of human rights and fundamental freedoms makes it necessary to

understand the importance of national and regional particularities and different historic, cultural and religious heritages, and to respect the diversity of economic, political and social systems existing in the world. Ethnic groups, peoples, nations and other communities share their own cultures and have a right to be recognized and to have their identities respected. Cultural diversity is based on the variety and richness of these communities.

Diversity does not weaken the universal values of human civilization: it represents its fundamental strength and wealth. Cultural homogenization threatens the genuine artistic expressions of peoples and can lead to the disappearance of languages, cultures and ethnic groups. Cultural hegemony can also threaten the realization of cultural rights, the preservation of cultural identities and, hence, cultural diversity. Peoples' right to self-determination is an inalienable right and an essential component for the respect of cultural diversity.

In order to defend cultural diversity, priority should be accorded to the preservation of peoples' memory and history. This will contribute to the survival of native cultural expressions. It is for States to promote the full enjoyment of everyone's cultural rights and respect for diverse cultural identities, and to define and implement, through appropriate means, its own cultural policies, taking into account its international obligations.

International cooperation, which is also important to preserve and promote cultural diversity, should be grounded in the acknowledgement and acceptance of the political, economic, cultural and social dimensions of every society. Dialogue and cooperation are essential for the respect of the universality of human rights and cultural diversity. Respectful dialogue between the representatives of different cultures and civilizations fosters tolerance and respect of diversity and contributes to strengthening international cooperation.

The right to enjoy culture and the duty to disseminate, promote, preserve and protect culture constitute political commitments of the State, as reflected in the Universal Declaration of Human Rights. The submission by Cuba underscores that market forces alone cannot guarantee the preservation and promotion of cultural identities, and emphasizes the need to give prevalence to public policies rather than to the interests of the private sector. According to the Cuban Constitution, the State guides, encourages and promotes education, culture and science in all its manifestations, and sustains freedom of artistic creation, the defence of the identity of the Cuban culture, the preservation of cultural heritage and of the artistic and historic wealth of the nation and the protection of national monuments, bearing in mind universal traditions and values.

Cuba reiterates its commitment to support efforts of the United Nations system, including UNESCO, to preserve and promote the cultural identities and diversity of all peoples and nations. Strengthening multilateralism is an essential instrument to promote and protect cultural diversity.

Georgia

[Original: English]
[22 June 2011]

According to its submission, Georgia is an ethnically, culturally, linguistically and religiously diverse country, and the Government devotes particular attention to enhancing cultural pluralism and the enjoyment of human rights for all representatives of different cultures residing in the country. In 2008, Georgia ratified the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions. Its Constitutional and legal framework require Georgia to promote the development of culture, the participation of citizens in cultural life, the strengthening and advancement of national and universal values and creative integration. The Council for Tolerance and Civil Integration, an advisory body created by the President to ensure consultation with representatives of religious and ethnic minorities in policy and decision-making, has adopted a National Concept for Tolerance and Civil Integration, following international standards and recommendations. One of its main goals is the promotion of culture and the preservation of identity, including objectives such as civil awareness, preservation of the cultural identity of national minorities, protection of the cultural heritage of national minorities, encouragement of tolerance, support of intercultural dialogue, participation of national minorities in cultural life and dissemination of the culture, history, language and religion of national minorities and their inclusion as part of the core cultural values of the country.

Regarding culture and the preservation of identity, the Constitution and the Law on Culture guarantee that all citizens are equal in cultural life, without distinction based on national, ethnic, religious or linguistic background. Rights and freedoms to effectively enjoy equal participation in cultural life are also guaranteed. The Ministry of Culture and Monument Protection runs a special programme to support cultural centres of national minorities, designed to assist national minorities in the preservation and dissemination of their cultures and in their integration in the larger Georgian cultural sphere. The programme is implemented in collaboration with institutions representing national minorities.

Promotion of the participation of national minorities in cultural events has also been an objective of the Ministry of Culture and Monument Protection. National minorities regularly take part in international festivals, music contests, exhibitions and concerts held in Georgia, and actively organize their own cultural events. The Ombudsman's office publishes a newspaper and has published several books addressing the culture, history, traditions and other aspects of the lives of national minorities. An interethnic festival, "Diversity is our Wealth", was held in 2008 under the auspices of the Offices of the President and the Ombudsman. State Universities runs the Institute of Caucasiology, specialized the teaching of the Caucasian languages and there is a State-supported International School for Caucasus Studies.

In relation to the protection of the cultural heritage of national minorities, the applicable legal framework is the Law on Cultural Heritage, which encompasses both tangible and intangible heritage. The State has devoted its efforts to reveal and register the rich Georgian cultural heritage. The classification of monuments is not based on national or confessional affiliations, but rather follows strict

methodological research. All monuments receive the same protection under the law. Recent inventory and rehabilitation work has included Ottoman monuments, Gregorian churches, mosques and synagogues. Georgia also offers a variety of museums representing the heritage of different cultures and religions.

In the area of education, the Ministry of Education has added programmes combating racial discrimination and promoting tolerance and intercultural dialogue. The Ministry has also made efforts to enhance teaching of the Georgian language to minority groups in order to guarantee equality of opportunities, while the educational authorities have also implemented a policy to strengthen the knowledge of native languages among minorities. The policy includes the translation of textbooks into minority languages and the improvement of teachers' skills. In November 2009, the Law on Higher Education was amended to establish a quota system, directed to allow better access for national minorities to institutions of higher education. Armenian and Azerbaijani speakers are allocated 10 per cent of all university seats. As of 2012, the quota will also include Abkhazian and Ossetian speakers.

Finally, the submission addresses the efforts made by Georgia to ensure access of minority groups to media. The news on the public radio is broadcast in six different languages, and there are specific programmes devoted to national minorities. Other State-funded activities include the production of documentary films on the life of national minorities, financial support to Azerbaijani and Armenian language newspapers and the launch of an electronic database with information on the history and culture of national minorities living in Georgia.

Guatemala

[Original: Spanish]
[8 June 2011]

Guatemala, in its response, reports that it has ratified the UNESCO Conventions on the Protection and Promotion of the Diversity of Cultural Expressions and the Safeguarding of the Intangible Cultural Heritage, with the commitment of protecting the economic, social and cultural rights of the Mayan, Garifuna, Xinca and Ladina peoples.

The submission points out the willingness of Guatemala to develop and undertake measures to sensitize States about the need to devote resources for the implementation of programmes for the promotion, protection and appraisal of human rights and cultural diversity in the world.

Iraq

[Original: Arabic]
[6 June 2011]

The response from Iraq underscores the fundamental link between cultural diversity, human dignity and the respect of human rights and basic freedoms, especially of persons belonging to minorities and indigenous peoples. Cultural diversity is part of the national identity, and requires a dialogue between cultures

and the rejection of intolerance. Respect for diversity is an important source of renewed strategies for development and for ensuring social cohesion.

Iraq has adopted different legal measures to ensure cultural diversity. Its Constitution defines Iraq as a country of many nationalities, religions and creeds. The Constitution enshrines equality among Iraqis in rights and duties, recognizing equality between all ethnic and religious groups that make up the Iraqi people. Freedom of thought, conscience, belief and religion are also protected by the Constitution.

While the Constitution considers Arabic and Kurdish to be the two official languages of Iraq, and Turkmen and Syriac to be official languages in the administrative districts where they constitute the language of a certain proportion of the population, it also guarantees the right of minority ethnic groups to educate their children in their mother tongue in public educational institutions. Different measures have been adopted to implement these rights for specific minority groups. The right to be taught in any other language in private educational institutions is also recognized. The Constitution forbids any entity or programme to endorse racism, terrorism or ethnic cleansing.

Efforts have also been made to ensure that ethnic and religious minorities have political representation in the legislative body through the allocation of quota shares of the parliamentary seats. Similar provisions were adopted for provincial parliaments.

The Iraq Government's policy of cultural diversity has been a positive factor in rebuilding the community after years of conflict and difficulties in various fields, and a means for development, dialogue, peacebuilding, cohesion and national unity. Ensuring the participation of minorities is considered a priority issue in Iraq. Measures to achieve this objective include respecting the culture of religious and ethnic minorities; ensuring the teaching of their religions and languages; accommodating educational curricula when appropriate; preserving the historical heritage represented by churches and other houses of worship; organizing conferences, workshops and seminars; disseminating campaigns through educational media; and implementing educational programmes for university professors. These measures are oriented to promote a culture of social tolerance, peaceful coexistence and acceptance of others, which represent the values of citizenship necessary to build the new Iraq.

Former Yugoslav Republic of Macedonia

[Original: English]
[24 June 2011]

As a country rich with cultural heritage and different cultural expressions, the former Yugoslav Republic of Macedonia pays special attention to the promotion and protection of cultural heritage and of the diversity of cultural expressions. In 2007, the country ratified the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions. The Ministry of Culture had an important role in the adoption of measures to implement this convention.

A number of international cultural events, including poetry, music, theatre and dance festivals, have been hosted by the country. Other measures promoting cultural

dialogue and diversity included the support of several projects with the Macedonian Academy of Sciences and Arts, the Interart Cultural Centre, the Macedonian National Committee for the International Council on Monuments and Sites, the National Commission for UNESCO of the former Yugoslav Republic of Macedonia, the Turkish National Commission for UNESCO, and non-governmental organizations. Projects involved dance; the publication of UNESCO conventions and recommendation with a commentary; the organization of the World Conference on Interreligious and Inter-Civilization Dialogue; cultural events about cultural heritage, memory and gastronomy; the publication of books on the cultural heritage of the nation and of an anthology of European folk music; the inauguration of the Memorial House of Mother Theresa; a seminar on the influence of culture in the development of Europe; and a multi-language translation of poetry, fiction and essays originally written in Macedonian and minority languages.

The Ministry of Culture devotes part of its efforts to the publication and translation of books into minority languages and the support of literature festivals, book fairs, campaigns and prizes to promote linguistic diversity.

New laws have been adopted to promote and protect cultural creation, including the 2010 Law on Copyright and Related Rights, which aligns national legislation with European Union directives. Other relevant pieces of legislation are the Law on Culture, the Law on the Protection of the Cultural Heritage and the Law on Minority Languages.

In May 2010, the former Yugoslav Republic of Macedonia hosted the successful Second World Conference on Interreligious and Inter-Civilization Dialogue. The theme of the Conference was "Religion and Culture — Strengthening Links among Nations". The Conference was organized by the Ministry of Culture in cooperation with the Commission for Relations with Religious Communities and Religious Groups, and was supported and endorsed by the Government, UNESCO, the United Nations-Spain Millennium Development Goals Achievement Fund within the framework of a United Nations Development Programme project for the improvement of inter-ethnic dialogue, and the Holocaust Fund of the Jews from Macedonia.

In 2008, the country inaugurated the Skopje Regional Centre for Digitization of Cultural Heritage. The country is working towards the implementation of the National Programme for Digitization, which will enable the digitization of the entire cultural heritage of the country.

Mauritius

[Original: English]
[7 July 2011]

The response by Mauritius details some of the efforts made by the country to ensure diversity in political and legal systems, recognize and promote respect for cultural diversity in order to advance peace, development and human rights and use media and information and communication technologies to enable a renewed dialogue among cultures and civilizations.

Mauritius is a multicultural community where the cultural rights of all groups are safeguarded and promoted. Different festivals to foster mutual understanding

and the sharing of values and to encourage intercultural dialogue are organized by the State, which also organizes artistic and cultural events to promote all aspects of cultural heritage.

The Government has set up different institutions with a view to improving democracy and ensuring the representation of different cultural communities. These include the Aapravasi Ghat Trust Fund, the Centre de Lecture et d'Animation Culturelle, the Islamic Cultural Centre, the Le Morne Heritage Trust Fund, the Malcolm De Chazal Trust Fund, the Mauritius Museums Council, the Mauritius Film Development Corporation, the Mauritius Society of Authors, the National Archives, the National Art Gallery, the National Heritage Fund, the National Library, the Nelson Mandela Centre for African Culture, the President's Fund for Creative Writing and the Professor Basdeo Bissoondoyal Trust Fund. Several cultural centres and speaking unions have been established to promote the ancestral languages that constitute the cultural heritage of Mauritius, including English, Hindi, Marathi, Tamil, Telugu and Urdu.

With a view of encouraging artistic creation by the different linguistic and cultural groups, the Government has put in place a scheme to assist artists on the production of music albums, publication of books, art exhibitions, drama and theatre and other artistic or cultural activities. A scheme has also been developed for assisting promising artists to improve their skills, promote their work and participate in international festival and exhibitions. Other initiatives have sought to promote cultural exchanges with foreign countries to enhance mutual understanding and promotion of and respect for cultural diversity and universal human rights. The National Heritage Fund is also working on an inventory of the intangible heritage of Mauritius that will help to safeguard such heritage, thus enriching cultural diversity and human creativity.

Mexico

[Original: Spanish]
[21 June 2011]

In its submission, Mexico stated that only one other country in the Americas has more spoken native languages. It is a pluricultural and multilingual country where indigenous peoples contribute to the diversity of languages and cultures. Some 364 linguistic varieties are spoken in Mexico, corresponding to 60 linguistic groups and 11 linguistic families.

The rights of indigenous peoples were included in the Constitution in 2001. The Constitution acknowledges the pluricultural composition of the nation and guarantees the self-determination and autonomy of indigenous peoples and their collective rights, including: their right to decide their social, economic, political and cultural organization; their right to apply their own legal systems; their right to preserve their languages, knowledge and all the elements that constitute their culture and identity; the right to their ancestral lands; their right to be consulted; and their right to development. The Constitutional amendment has triggered a number of legislative changes to ensure that they are in line with the new multicultural and plurilingual model.

In 2003 the General Act on Indigenous Peoples' Linguistic Rights was published. The act recognized and regulated linguistic rights, including the use and protection of indigenous languages and of their speakers, and prohibited discrimination on the basis of language. The 2009-2012 Programme for the Development of Indigenous Peoples, established to promote the respect and recognition of indigenous peoples' cultures, languages and rights, undertook to ensure access to Government services in indigenous languages, particularly in three areas: justice, multicultural and plurilingual education and health.

A national programme for the revitalization, strengthening and development of indigenous languages had also been set up. The guiding principles of the programme are cultural diversity, multilingualism through an intercultural approach and equality of opportunities in a multicultural and multilingual framework. The programme seeks to promote the use of indigenous languages in public institutions and the professionalization of interpreters, translators and other actors related to the accreditation and certification of indigenous languages.

In 2004, the National Institute for Indigenous Languages (INALI) began its activities. INALI is the agency responsible for the adoption and implementation of policies designed to fulfil the linguistic rights of indigenous language speakers. It has an advisory role for the three levels of Government — federal, state and local — and it determines the order of work in coordination with indigenous communities, with the Government and with private actors. INALI has promoted the creation of multidisciplinary instances and the adoption of agreements with the federal Government, undertaken awareness-raising actions to fight against discrimination based on language, produced a catalogue of national indigenous languages, promoted the use of indigenous languages in institutional spaces, published and disseminated educational material and prepared an official list of indigenous languages translators and interpreters for judicial procedures.

While there have been advances in reversing the disappearance of indigenous languages and achieving their revitalization and strengthening, challenges to ensuring the full enjoyment of the linguistic rights of indigenous language speakers remain. Linguistic normalization is a complex process and requires a dialogue between different communities that speak varieties of the same language. The General Act on Indigenous Peoples' Linguistic Rights remains in part unknown, both by public authorities and by the indigenous language speakers. Despite numerous efforts, State and local legislation still requires harmonization and the adoption of further regulations to implement those linguistic rights.

Oman

[Original: Arabic]
[14 June 2011]

The submission from Oman underscores the richness of its tangible and intangible cultural heritage, which reflects great cultural diversity. Such diversity is the result of the intellectual and cultural diversity in the population of Oman through successive periods of history.

According to the response, the people of Oman are proud of their cultural heritage, both tangible and intangible, and contribute to its creation and

preservation. Cultural practices are included within the fundamental human rights protected by the State, in accordance with article 13 of the Constitution, which provides that the "State fosters and conserves the national heritage, and encourages and promotes the sciences, literature, and scientific research".

Serbia

[Original: English]

[8 June 2011]

The response from Serbia highlights that, according to the Constitution and to the international instruments that it has adopted, preservation of cultural diversity is one of its primary interests, both internationally and nationally. The Ministry of Culture, Media and Information Society has played an important role in cherishing its cultural heritage and improving the diversity of cultural expressions.

The submission from Serbia underscored the constitutional framework ensuring the protection of minority rights, in line with international human rights instruments. One of the goals of the State, according to the Constitution, is promoting understanding, recognition and respect for diversity arising from the specific ethnic, cultural, linguistic or religious identity of its citizens through measures applied in education, culture and public information. In addition to the rights guaranteed to all citizens by the Constitution, persons belonging to national minorities are granted special individual and collective rights, including the right to take part in decision-making or to decide independently on certain issues related to their culture, education, information and official use of languages and script in accordance with the law. Members of national minorities have, *inter alia*, the following rights: to foster, develop and publicly express their national, ethnic, cultural and religious specificity; to use their symbols in public places; to use their language and script; to have proceedings conducted in their languages before State bodies in areas where they make up a significant majority of population; to receive education in their languages in public institutions and institutions of autonomous provinces; to found private educational institutions; to use their name and family name in their own languages; to have traditional local names, names of streets and settlements and topographic names written in their languages, in areas where they make a significant majority of population; to receive complete, timely and objective information in their language, including the right to express, receive, send and exchange information and ideas; and to establish their own mass media.

In the field of education, culture and information, Serbia shall give impetus to the spirit of tolerance and intercultural dialogue and undertake efficient measures for enhancement of mutual respect, understanding and cooperation among all people living on its territory, regardless of their ethnic, cultural, linguistic or religious identity.

The Constitutional framework led to the adoption of legislation to implement the above-mentioned rights and principles, including the 2010 Law on Culture, which regulates general interest in culture, lists the principles of cultural development and defines priority fields of culture and creativity. This law allows National Minority Councils to ensure the implementation of cultural policy of respective national minorities and participate in the decision-making process related to their culture and establish cultural institutions and other legal entities in the field

of culture. The establishment of such councils was previously provided by the 2009 Law on National Minority Councils. Other laws that contribute to the realization of the rights of national minorities and ethnic communities, by allowing them to exercise their cultural rights, are the Law on Public Information and the Law on Broadcasting, both of which include specific provisions on minority languages and cultures.

Especially significant activities by the Ministry of Culture have been undertaken in regard to the Roma national minority. As a part of the Decade of Roma Inclusion 2005-2015, the Ministry has made major steps towards fighting discrimination of Roma in all segments of society, as well as integrating this population into social life, including engaging Roma public media representatives.

The Government, on the initiative of Ministry of Culture, adopted financial measures to assist media during the economic crisis. Part of these measures benefited media, productions and projects in national minority languages. Funding of projects and programmes through tenders has also been improved and made more transparent, and consequently the quality and variety of supported projects has increased, with an important contribution by national minorities. Cultural policies have also focused on international cooperation, with many activities organized to promote Serbian cultural expressions and collaborate with countries of speakers of minority languages (such as Hungary, the former Yugoslav Republic of Macedonia, Slovakia, Slovenia, Croatia and Ukraine). No differentiation regarding its origin is made when it comes to protection of cultural heritage. Protection and preservation measures have been adopted regarding material and immaterial heritage cherished by some 20 different ethnic groups. The Ministry of Culture has also been active in forming a task group for development of creative industries in 2011. The goal of this task group is to research potentials and resources for development of systemic instruments in the field of creative industries, as well as to propose measures and programmes for stimulating their development in the country.

Spain

[Original: Spanish]

[9 June 2011]

Spain underscores that cultural diversity is recognized in its Constitution and is reflected in the empowerment in the area of culture of its autonomous communities. Cultural plurality and diversity also constitute a tenet of Spanish foreign cultural policy in the Latin American, Euro-Mediterranean and European spheres. Respect for cultural diversity was also one of the cross-cutting principles of the actions of the European Union. Thus, cultural diversity is one of the basic principles of the European and Spanish model.

The contribution from Spain underscores that every society and social group has a cultural heritage, which reflects the system of values on which its identity is founded. Respect for cultural identities, the protection of cultural heritage, equality of opportunities between all cultures and democratic principles and values are necessary to consolidate cultural dialogue and ensure the cohesion of societies, and to prevent and resolve conflicts. Respect for cultural identity is essential for peace.

Spain also notes that ensuring equity in the access of citizens to culture entails the protection of cultural diversity, including promoting interculturalism and dialogue between cultures and social cohesion. Public support for culture and cultural industries should be directed to achieve these goals. Culture is a factor for economic development and employment. Culture is necessary to establish synergies among different actors involved in the promotion of cultural rights, and to emphasize the importance of cultural diversity within the United Nations system.

Cultural diversity has been a basic principle of action by the Spanish Ministry of Culture. Cultural diversity is linked with pluralism and democracy, social cohesion regarding cultural identity and employment, cultural dialogue and the Government's authority to pursue cultural policies, in line with the principles of balance, proportionality and transparency.

Syrian Arab Republic

[Original: English]

[8 June 2011]

In its submission, the Syrian Arab Republic highlights the richness of its cultural diversity and heritage, which it considers to be a crucial element of human development strategies and an essential tool of sustainable development. In this context, the submission identifies measures taken by the country in the fields of art education for cultural diversity and protection and access to traditional expressions and cultural heritage.

Regarding art education for cultural diversity, the submission highlights the roles played by the Higher Institute of Music, the Higher Institute for Dramatic Art, the Directorate of Music Institutes, the Technical Institute of Applied Arts, the Institutes of Popular Education and Centres of Fine Arts affiliated with the Ministry of Culture and the private sector, with the encouragement of the Ministry of Culture, in art education and public awareness-raising.

The Syrian Arab Republic believes that the protection of and access to traditional expressions and cultural heritage are priorities, since they are both essential factors in the identity of each country and a privileged means of facilitating mutual comprehension between countries. The cultural sector consists of three sub-sectors: one representing public and State-run structures, one representing civil society, and one consisting of private enterprises. The collaboration between the three sectors is a prerequisite to achieving success in this field. In this regard, the Syrian Arab Republic has adopted several international instruments, including the Convention for the Protection of Cultural Property in the Event of Armed Conflict with Regulations for the Execution of the Convention; the Protocol to the Convention for the Protection of Cultural Property in the Event of Armed Conflict; the Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property; the Convention Concerning the Protection of the World Cultural and Natural Heritage; the Agreement on the Importation of Educational, Scientific and Cultural Materials; the Convention for the Safeguarding of the Intangible Cultural Heritage; and the Convention on the Protection and Promotion of the Diversity of Cultural Expressions. Preservation, management and rehabilitation of cultural heritage are also established as State principles according to the Constitution of 1973.

The projects to advance these goals include the following: a child culture museum, the inclusion of topics on cultural heritage in the educational curriculum and a cooperation programme with the Italian Government for the revival and development of the Syrian heritage through documentation, artistic production, restoration projects, exchange experiences and the establishment of a network to interconnect Syrian heritage databases. Other areas of action include natural reserves, efforts to preserve the Aramaic language and efforts to register and preserve historical monuments and archaeological sites. The submission identifies the need to expand the legal definition of heritage in order to reflect the varied composition of the cultural heritage within the Syrian Arab Republic.

Communities and non-governmental organizations are actively involved in a number of projects for the safeguarding of cultural heritage. Most projects and various individual researchers interview older community members to collect information about Syrian cultural heritage, including, for example, the Rawafed project and the "Youth cultural bus".

The submission by the Syrian Arab Republic also includes extensive information on the legal framework and measures adopted to ensure the recognition of and access to cultural heritage.

Uzbekistan

[Original: Russian]

[9 June 2011]

In its response, Uzbekistan states that its population consists of representatives of 136 nationalities and ethnicities, most of whom are affiliated with one of 17 official creeds. Uzbekistan has created all necessary legal and organizational conditions for the development and support of cultural diversity comprising all nationalities and ethnicities living in its territory. According to article 42 of the Constitution, everyone has the right to enjoy cultural benefits, and the State shall promote the cultural, scientific and technical development of society, including physical culture and sport. Currently, Uzbekistan has 37 professional theatres, many theatre studios and 85 museums. Uzbekistan pays particular attention to the protection of cultural heritage and its citizens are obliged to safeguard its historical, cultural and spiritual heritage.

The response notes that Uzbekistan provides access to education for all national minorities. Primary and higher education is delivered in Uzbek, Karakalpak, Russian, Tadjik, Kazakh, Turkmen and Kyrgyz languages. Presently, Uzbekistan has 142 functioning national cultural centres representing 27 national minorities. The main aim of the cultural centres is to preserve and develop national cultures, languages, traditions and customs. In Uzbekistan, legal and organizational conditions are created for realization of the freedom of conscience and religion by all national minorities and ethnicities. Some 2,225 religious organizations of 16 different religious creeds exist in Uzbekistan.

Uzbekistan reports that a national programme of action in the area of human rights is under consideration. It foresees the development of a concept of legal protection of national minorities in line with international legal standards. The project anticipates the design and adoption of a State programme for protection of

the rights of national minorities with the aim of coherent implementation of international obligations and the ensuring of equal standards of safeguarding the rights of national minorities. The project will also include research on implementation of legislation related to national minorities at the regional level. It will also compile existing jurisprudence related to national and ethnic minorities.

Summary of information received from non-governmental organizations

Observatory of Diversity and Cultural Rights, Fribourg, Switzerland

[Original: French]

[5 July 2011]

In its submission, the Observatory of Diversity and Cultural Rights of the Interdisciplinary Institute for Ethics and Human Rights at the University of Fribourg, Switzerland, underscored that the fundamental link between realization of all human rights and respect for cultural diversity can be ensured through a better understanding and consideration of cultural rights.

According to the submission, cultural rights, as well as the cultural dimension of every human right, constitute the nexus between human rights and cultural diversity. The common object of cultural rights resides in identity: these rights encompass all those rights, freedoms and duties through which human beings can have access to the cultural references allowing them to find and express their identity, as individuals or in common with others. Diversity of cultural resources is a necessary condition to enable choice, and thus the realization of cultural rights and of every other human right. Conversely, ensuring cultural diversity is only possible when cultural rights are protected and guaranteed for everyone, thus enabling everyone to participate and contribute to diversity.

After years of relative neglect, recent developments, such as the adoption of general comment No. 21 on the right to take part in cultural life by the Committee on Economic, Social and Cultural Rights and the creation of the mandate of the Independent Expert in the Field of Cultural Rights by the Human Rights Council, have helped to confer on cultural rights their legitimate place within the concerns of the international community.

Taking cultural rights into consideration leads to a more robust interpretation of the universality of human rights. Universality is not opposed to diversity; in fact, universality necessarily draws on the diversity of cultures. Cultural adequacy of human rights also reinforces the indivisibility and interdependence of all human rights, as taking into account the cultural dimension of human rights facilitates their construction and effectiveness. The Committee on Economic, Social and Cultural Rights has underscored that cultural adequacy or acceptability is part of the normative content of the rights to adequate housing, to adequate food and to the highest attainable standard of health.

Cultural diversity is also a condition for peace. Cultural rights should not provide the right to exacerbate differences, which can lead to violence, but rather to celebrate diversity. Cultural rights are vectors for peace, as their interpretation takes into account and values the diversity of cultural resources.

The effectiveness of human rights is not only a goal, but also a means or resource for development. Individuals are not only beneficiaries: they are subject to rights, freedoms and duties. To respect human dignity also entails the development of a participatory democracy, based on the recognition that everyone can contribute to knowledge, including those who are overlooked because of poverty.



General Assembly

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Item 119 of the provisional agenda*

**Follow-up to the commemoration of the two-hundredth
anniversary of the abolition of the transatlantic slave trade**

Permanent memorial to and remembrance of the victims of slavery and the transatlantic slave trade: status of the United Nations Trust Fund for Partnerships — Permanent Memorial

Report of the Secretary-General

I. Introduction

1. In paragraph 13 of its resolution 65/239, the General Assembly requested the United Nations Office for Partnerships, through the Secretary-General, to submit a comprehensive report to the Assembly at its sixty-sixth session on the status of the United Nations Trust Fund for Partnerships — Permanent Memorial, established with a view to the implementation of a permanent memorial to honour the victims of slavery and the transatlantic slave trade.

2. The present report is submitted pursuant to that request.

II. Status of the Trust Fund

3. As at 30 June 2011, a total of \$990,654 had been recorded as income received under the United Nations Trust Fund for Partnerships — Permanent Memorial, comprising voluntary contributions from Member States amounting to \$944,645, private donations totalling \$28,057 and accrued interest income of \$17,952. The breakdown of the contributions received is provided in the annex to the present report. With respect to expenditures from the Trust Fund, it may be noted that an amount of approximately \$32,621 has been utilized for contractual services.

4. The committee of interested States, established to oversee the permanent memorial project (Permanent Memorial Committee) is continuing its efforts to raise

* A/66/150.

additional contributions from Member States, the corporate sector, philanthropists and other private individuals. The Committee is also committed to ensuring that voluntary funds received from Member States are earmarked for tangible aspects of the project, including the international design competition and the construction of the monument, unless otherwise authorized by the Member States. The United Nations Office for Partnerships has administered the Trust Fund accordingly.

5. In keeping with the intention of the General Assembly as expressed in its resolutions 64/15 and 65/239, the Permanent Memorial Committee and the United Nations have jointly collaborated with the United Nations Educational, Scientific and Cultural Organization to launch an international design competition for the permanent memorial, in view of the considerable experience of that organization with the Slave Route Project, and international competitions, and its worldwide presence through its network of field offices and national commissions. A tripartite memorandum of understanding and project document, which came into effect upon signature by the participants on 7 July 2011, provides the framework for collaboration over a period of eight months. Expenses relating to the international design competition will be funded from the Trust Fund.

Annex

United Nations Trust Fund for Partnerships — Permanent Memorial: contributions and pledges as at 30 June 2011

(United States dollars)

<i>Donor</i>	<i>Contributions</i>	<i>Pledges</i>
Antigua and Barbuda	7 500	
Argentina	10 000	
Australia	100 000	
Azerbaijan	25 000	
Bahamas	7 500	
Barbados	10 000	
Belgium	6 267	
Belize	2 000	
Botswana	10 000	
Brazil	20 000	
Canada	19 342	
Chile	5 000	
China	20 000	
Costa Rica	5 000	
Denmark	10 000	
Ecuador	5 000	
Egypt	5 000	
Finland	50 000	
Grenada		5 000
Guyana	5 000	
India	260 000	
Indonesia	500	
Haiti	15 000	
Jamaica	7 500	
Kuwait	20 000	
Libyan Arab Jamahiriya	20 000	
Luxembourg	23 403	
Malaysia	10 000	
Malta	500	
Mozambique (Southern African Development Community Group of Ambassadors)	2 500	
Namibia	2 000	
Netherlands	14 588	
Nicaragua	500	
Oman	9 979	

<i>Donor</i>	<i>Contributions</i>	<i>Pledges</i>
Pakistan	25 000	
Portugal	32 782	
Qatar	20 000	
Slovenia	11 818	
South Africa	30 000	
Spain	44 615	
Sri Lanka	500	
Saint Lucia	600	
Saint Kitts and Nevis	1 000	
Saint Vincent and the Grenadines	5 000	
Sudan	1 000	
Suriname	10 000	
Syrian Arab Republic	1 000	
The former Yugoslav Republic of Macedonia	500	
Togo	175	
Trinidad and Tobago		10 000
Turkey	17 500	
United Arab Emirates	5 000	
United Kingdom of Great Britain and Northern Ireland	29 076	
Subtotal, Member State donations	944 645	
Private donations	28 057	
Interest	17 952	
Total	990 654	15 000

**General Assembly**

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Item 99 (f) of the provisional agenda*

**Review and implementation of the Concluding Document
of the Twelfth Special Session of the General Assembly****Regional confidence-building measures: activities of the
United Nations Standing Advisory Committee on Security
Questions in Central Africa****Report of the Secretary-General***Summary*

During the period under review, the United Nations Standing Advisory Committee on Security Questions in Central Africa held two meetings. The thirty-first and thirty-second ministerial meetings were held, respectively, in Brazzaville from 15 to 19 November 2010 and in Sao Tome from 12 to 16 March 2011. At these two meetings, the Committee continued its tradition of reviewing the geopolitical and security situation in Central Africa. That led it to conclude that, despite the significant progress achieved in the consolidation of democratic processes and the normal functioning of institutions, there were still major concerns about the security, humanitarian and human rights situation in some member States.

The members of the Standing Advisory Committee also signed the Central African Convention for the Control of Small Arms and Light Weapons, Their Ammunition and All Parts and Components That Can Be Used for Their Manufacture, Repair and Assembly, known as the Kinshasa Convention. In that connection, the member States committed themselves to taking the necessary measures to ratify the Convention and bring it into force as soon as possible. The members of the Committee also formally adopted the Implementation Plan for the Convention, which describes the institutional, regulatory and operational measures to be taken by member States at the national level and by the secretariat of the Economic Community of Central African States (ECCAS) at the subregional level.

* A/66/150.



In addition, the Standing Advisory Committee reviewed the recurrent issues traditionally considered at its ministerial meetings, including, *inter alia*, the progress made by member States in the implementation of the Brazzaville Programme of Priority Activities for combating the proliferation of small arms and light weapons in Central Africa, as well as the implementation of the Libreville Declaration, which stresses the need for all member States to make voluntary financial contributions to the Committee's Trust Fund. The Committee also once again considered the issue of maritime piracy in the Gulf of Guinea, and the implementation in Central Africa of Security Council resolutions 1325 (2000), 1820 (2008), 1888 (2009) and 1889 (2009) on women, peace and security, and General Assembly resolution 65/69 on women, disarmament, non-proliferation and arms control.

New topics consistent with the latest developments in the subregion were also addressed by the Standing Advisory Committee during the period under review. For the first time, the member States had a preliminary exchange of views on the illegal exploitation of natural resources in Central Africa. In that connection, the Committee requested the United Nations Regional Centre for Peace and Disarmament in Africa (UNREC) to present it with an information paper listing the main initiatives and relevant documents relating to that issue. The Committee also began new discussions on the impact of climate change on peace and security in Central Africa, on the need to protect widows and their children, and on the means to combat trafficking in persons, especially women and children, in the subregion.

Lastly, in preparation for the United Nations Conference on the Arms Trade Treaty, which is to be held in 2012, the members of the Standing Advisory Committee adopted the Sao Tome Declaration on a Central African Common Position on the Arms Trade Treaty. This expresses the need for member States to take a coordinated and harmonized approach, highlighting the concerns specific to Central Africa in the negotiations and when the future Treaty is concluded and implemented.

In conclusion, the Standing Advisory Committee continued to serve as a framework for action and a forum for dialogue and confidence-building among its 11 member States during the period under review.

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I. Introduction

1. In its resolution 65/84, the General Assembly reaffirmed its support for efforts aimed at promoting confidence-building measures at the regional and subregional levels in order to ease tensions and conflicts in Central Africa and to further sustainable peace, stability and development in the subregion.
2. By the same resolution, the General Assembly requested the Secretary-General to continue to provide the assistance that States members of the Standing Advisory Committee needed for the continuation of their efforts and to submit to the General Assembly at its sixty-sixth session a report on the implementation of the resolution.
3. The present report is submitted in response to that request. It covers the activities undertaken by the Standing Advisory Committee from July 2010 to June 2011.

II. Activities of the Standing Advisory Committee

4. The activities of the Standing Advisory Committee have consisted essentially of two ministerial-level meetings: the thirty-first meeting, held in Brazzaville from 15 to 19 November 2010, and the thirty-second meeting, held in Sao Tome from 12 to 16 March 2011. The 11 States members of the Committee — Angola, Burundi, Cameroon, Central African Republic, Chad, Congo, Democratic Republic of the Congo, Equatorial Guinea, Gabon, Rwanda and Sao Tome and Principe — took part in the work of the two meetings.
5. Representatives from the African Union, ECCAS, the Regional Centre on Small Arms and Light Weapons in the Great Lakes Region, the Horn of Africa and Bordering States (RECSEA) and the International Conference on the Great Lakes Region also participated in the thirty-first and thirty-second ministerial meetings of the Standing Advisory Committee.
6. The meetings were, furthermore, attended by representatives from the Department of Political Affairs and the Department of Legal Affairs of the United Nations, the United Nations Integrated Peacebuilding Office in the Central African Republic (BINUCA), the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO), the United Nations Regional Office for Central Africa (UNOCA), the United Nations Subregional Centre for Human Rights and Democracy in Central Africa and the United Nations Development Programme.
7. The United Nations Regional Centre for Peace and Disarmament in Africa (UNREC) served as the Committee secretariat for the two meetings.
8. During the meetings, the Standing Advisory Committee addressed both recurrent and new issues, in particular:
 - (a) The Central African Convention for the Control of Small Arms and Light Weapons, Their Ammunition and All Parts and Components That Can Be Used for Their Manufacture, Repair and Assembly, known as the Kinshasa Convention, and the Implementation Plan for the Convention;
 - (b) Implementation of the Code of Conduct for the Defence and Security Forces in Central Africa;

- (c) Implementation of the 2003 Brazzaville Programme of Priority Activities with regard to small arms and light weapons;
- (d) The latest developments concerning disarmament, non-proliferation and arms control;
- (e) The geopolitical and security situation in Central Africa;
- (f) The illegal exploitation of natural resources in Central Africa;
- (g) Maritime piracy in the Gulf of Guinea;
- (h) The implementation in Central Africa of Security Council resolutions 1325 (2000), 1820 (2008), 1888 (2009) and 1889 (2009), as well as General Assembly resolution 65/69 on the link between women, peace, security, disarmament, non-proliferation and arms control;
- (i) Combating trafficking in persons, especially women and children, in Central Africa;
- (j) The impact of climate change on peace and security in Central Africa;
- (k) The implementation of resolution 65/189 entitled "International Widows' Day" concerning the protection of widows and orphans, adopted by the General Assembly on 21 December 2010;
- (l) The involvement of Central Africa in the process of adopting an arms trade treaty;
- (m) The implementation of the Libreville Declaration on the funding of the Committee's activities.

A. Signature of the Kinshasa Convention and the adoption of the Implementation Plan for the Convention

9. On 19 November 2010, in Brazzaville, the Central African Convention for the Control of Small Arms and Light Weapons, Their Ammunition and All Parts and Components That Can Be Used for Their Manufacture, Repair and Assembly (Kinshasa Convention) was opened for signature. The Convention had been adopted on 30 April 2010 at the thirtieth ministerial meeting of the Standing Advisory Committee. On 30 June 2011, of the 11 States members of the Committee, 9 had signed the Convention.
10. The States committed to taking the necessary measures to ratify the Kinshasa Convention to achieve its swift entry into force, preferably before the twentieth anniversary of the Standing Advisory Committee in July 2012.
11. The States also formally adopted the Implementation Plan for the Kinshasa Convention. The Implementation Plan was drafted by the United Nations Regional Centre for Peace and Disarmament in Africa (UNREC), in accordance with the mandate assigned to it at the thirtieth ministerial meeting of the Standing Advisory Committee. The draft implementation plan prepared by UNREC served as the basis for an exchange of views by States. States further committed to implementing the critical measures as quickly as possible.

12. The Secretary-General welcomes the adoption of the Convention and encourages all the States members of the Committee to sign and ratify it at the earliest possible date. The effective implementation of the Convention will help to reduce armed violence and will relieve human suffering caused by illicit trade and trafficking in small arms and light weapons in Central Africa.

13. UNREC stands ready to assist States parties in implementing the Convention. Further to the request by the Economic Community of Central African States (ECCAS), UNREC is developing a technical and institutional support plan for the secretariat of ECCAS.

B. Implementation of the Code of Conduct for the Defence and Security Forces in Central Africa

14. The Standing Advisory Committee took note with interest of the steps taken by the secretariat of ECCAS to incorporate the Code of Conduct for the Defence and Security Forces in Central Africa, adopted on 8 May 2009, as an internal document, through a meeting of the Defence and Security Committee of the Council for Peace and Security in Central Africa. The Committee reaffirmed the importance of the Code of Conduct as a tool for consolidating democratic governance of the security sector, improving civilian-military relationships and developing the professionalism of the defence and security forces in Central Africa.

15. The Standing Advisory Committee encouraged the member States to begin using the Code of Conduct at the earliest possible date and to promote it among their defence and security institutions. UNREC, in collaboration with the secretariat of ECCAS, is available to assist member States in disseminating and using the Code of Conduct in training activities for the defence and security forces of the subregion.

C. Implementation of the Brazzaville Programme of Priority Activities

16. Adopted in 2003, the Brazzaville Programme of Priority Activities is the subregional framework of reference for implementing the Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects.

17. In accordance with the established practice of the Standing Advisory Committee, the States reviewed the measures taken internally to implement the Brazzaville Programme of Priority Activities.

18. During the exchange of views, it became apparent that some member States had not yet adopted certain required institutional measures, including with regard to the establishment and operationalization of national commissions and national focal points on the control of small arms and light weapons. Nevertheless, the Committee concluded that relevant legal measures to regulate firearms existed in most member States, even though it was necessary to revise certain laws.

19. In addition, the Committee noted progress with regard to many operational activities taking place in member States, especially capacity-building seminars for armed and security forces on the control of small arms and light weapons,

awareness-raising campaigns for civilians on the dangers posed by small arms and light weapons, and programmes for the collection and destruction of illicit, obsolete or surplus weapons stockpiles.

D. Information from the United Nations Office for Disarmament Affairs

20. At the request of the Standing Advisory Committee, the United Nations Office for Disarmament Affairs continued to bring to the attention of member States the latest developments in the field of disarmament, non-proliferation and arms control. In that context, the Office informed the Committee of the holding in New York, on 24 September 2010, of a high-level meeting on revitalizing the work of the Conference on Disarmament, in which one of its member States, Cameroon, had participated.

21. With regard to the entry into force of the African Nuclear-Weapon-Free Zone Treaty (Treaty of Pelindaba) making Africa a nuclear-weapon-free zone, the Standing Advisory Committee was informed that the first Conference of the Parties had been held in Addis Ababa on 4 November 2010, with a view to establishing the African Commission on Nuclear Energy. Given its technical expertise, UNREC has provided political and technical support to the African Union.

22. With regard to conventional weapons, several States members of the Committee attended an open-ended meeting of government experts on the marking, record-keeping and tracing of small arms held in New York from 9 to 13 May 2011. In addition, the States members of the Committee took note of the Organization's development, as part of the programme UN SaferGuard, of guidelines for securing ammunition stockpiles.

23. With regard to the Convention on Cluster Munitions, the Office informed the Committee of the holding, in Vientiane, of the First Meeting of States Parties to the Convention, which had resulted in the adoption of the Vientiane Declaration and the Vientiane Action Plan for the effective and timely implementation of the Convention. The Committee welcomed the fact that at the Vientiane meeting, the States Parties had planned an informal intersessional meeting to discuss substantive issues. That intersessional meeting, held in Geneva from 27 to 30 June 2011, had served to prepare for a second meeting of States Parties, to be held in Beirut, Lebanon, from 12 to 16 September 2011.

24. The Standing Advisory Committee also took note with interest of the principal activities carried out by UNREC in support of or in collaboration with the African Union, the regional economic communities and African States. In that regard, the Committee welcomed the actions already taken by the African Union-Regions Small Arms Steering Committee, in which UNREC participates as a representative of the United Nations. The Committee urged UNREC to continue providing support to African States in their efforts to prevent and reduce armed violence and to regulate arms brokering in Africa.

25. The Standing Advisory Committee also urged UNREC to continue providing assistance to African States in harmonizing their national legislation on small arms and light weapons, in developing training modules for security forces on the topic of arms control, and in designing and developing trade management software and

databases on national laws and regulations concerning small arms and light weapons.

E. Review of the geopolitical and security situation in Central Africa

26. The Standing Advisory Committee continued its practice of reviewing the geopolitical and security situation in Central Africa, as well as the cooperation between some of its member States. Despite significant progress achieved in the consolidation of democratic processes and the normal functioning of institutions, certain member States in the subregion still face significant challenges with regard to security, human rights and humanitarian issues.

27. Politically, the period under review was marked by the holding of various elections in the subregion. With regard to the security situation, while enjoying the relative calm that now prevails in certain countries affected by conflict, Central Africa has also faced significant threats to peace and security. The resurgence of rampant banditry and roadblockers, the acts of maritime piracy in the Gulf of Guinea and the ongoing armed violence of illegal armed groups are cause for serious concern. States members of the Standing Advisory Committee have undertaken substantial efforts with regard to governance, human rights and humanitarian issues. Relevant legal and institutional instruments governing these matters continue to be adopted and implemented in each country. The situation nevertheless remains worrisome in certain States of the subregion.

28. With regard to inter-State cooperation, joint border security patrols have been established by the Democratic Republic of the Congo and its neighbours, including the Republic of the Congo and the Central African Republic.

29. On the issue of refugees, the Standing Advisory Committee welcomed the continued collaboration between the Republic of the Congo and the Democratic Republic of the Congo, with the support of the Office of the United Nations High Commissioner for Refugees (UNHCR), to stabilize the situation in the north of the Republic of the Congo. This region is home to many refugees and displaced persons from the Democratic Republic of the Congo. Furthermore, tripartite meetings between the Congo, Gabon and UNHCR were held in 2010. Similar meetings were held between Angola, the Congo and UNHCR. These three partners were to attend a second tripartite meeting in Pointe-Noire (Congo), to assess the implementation of the recommendations issued at the previous tripartite meeting, held in Cabinda (Republic of the Congo) on 17 and 18 March 2009, regarding the Angolan refugees living in the Congo.

30. Lastly, with regard to the issue of territorial and border disputes, Gabon and Equatorial Guinea have expressed a desire to resolve their dispute concerning the Island of Mbaníé through negotiations. Following bilateral negotiations and mediation by Special Adviser to the Secretary-General Nicolas Michel, the parties reaffirmed their commitment to refer their dispute to the International Court of Justice.

F. Illegal exploitation of natural resources in Central Africa

31. The States members of the Standing Advisory Committee had a preliminary exchange of views on the illegal exploitation of natural resources in the subregion, a multidimensional and complex issue that has a real impact on peace and security.

32. The Standing Advisory Committee decided to remain seized of the matter at its next ministerial meeting. It requested UNREC to submit, at the thirty-third ministerial meeting, an information paper listing the legal and political documents and initiatives adopted in Africa and elsewhere to combat the illegal exploitation of natural resources, including the final declaration of the International Conference on the Great Lakes Region held on 15 December 2010 in Lusaka.

G. Maritime piracy in the Gulf of Guinea

33. The Standing Advisory Committee reiterated its concern at the resurgence of acts of maritime piracy in the Gulf of Guinea and strongly condemned the attacks against some of its States members, in particular the recent attacks against Cameroon. The Committee followed closely the statements of Angola, Cameroon, the Congo, Equatorial Guinea, Sao Tome and Principe and the secretariat of ECCAS concerning the continued acts of maritime piracy, which represented a challenge to the security and economy of Central Africa.

34. In that regard, the Standing Advisory Committee urged ECCAS to accelerate implementation of its strategy to combat maritime piracy in Central Africa. It also took note of the meeting of the joint chiefs of staff of the countries of zone D of the Gulf of Guinea (Cameroon, the Congo, Equatorial Guinea, Gabon and Sao Tome and Principe) held in Pointe-Noire from 11 to 13 February 2011, as well as the adoption of the maritime security plan SECMAR II. The Committee welcomed the other institutional and operational measures taken individually and collectively by States, including the operation of joint patrols by some countries since the adoption of the first maritime security plan (SECMAR I) under the auspices of ECCAS. The Committee reiterated its recommendation that the secretariat of ECCAS should as soon as possible put into operation the Centre régional de sécurisation maritime de l'Afrique centrale, in accordance with the decision taken by the fourteenth ordinary session of the Conference of Heads of State and Government of ECCAS held in Kinshasa on 23 and 24 October 2009.

35. The Standing Advisory Committee again recommended that ECCAS and the Gulf of Guinea Commission should organize an international maritime conference bringing together all States members of the Committee, donors and other international stakeholders. The Committee welcomed Cameroon's offer to host the conference.

H. Implementation of Security Council resolutions 1325 (2000), 1820 (2008), 1888 (2009) and 1889 (2009) and General Assembly resolution 65/69

36. In accordance with the decision taken at the twenty-ninth ministerial meeting, every ministerial meeting now includes an agenda item on the implementation of Security Council resolutions concerning women, peace and security. The Standing Advisory Committee emphasized that those resolutions were essential tools for the prevention and resolution of conflicts and for peacebuilding and post-conflict reconstruction in Central Africa.

37. The Standing Advisory Committee welcomed the efforts by member States to implement those resolutions, including through the adoption of specific national action plans. In that connection, the Committee noted with interest the statements made by Angola, Burundi, Cameroon, the Congo, the Democratic Republic of the Congo, Equatorial Guinea, Rwanda and Sao Tome and Principe concerning the incorporation of the gender dimension and involvement of women in the promotion of security, peace and disarmament.

I. Combating trafficking in persons, especially women and children, in Central Africa

38. The Special Rapporteur on trafficking in persons, especially women and children, who had been invited for the first time to attend a meeting of the Committee, delivered a statement to member States regarding the situation in Central Africa.

39. The Standing Advisory Committee strongly condemned trafficking in persons in all its forms, wherever it was practised, and welcomed the initiatives of the Special Rapporteur to combat the phenomenon. The Committee encouraged member States to implement the multilateral regional cooperation agreement to combat trafficking in persons, especially women and children, in West and Central Africa, which was concluded in 2006 between ECCAS and the Economic Community of West African States.

40. The Standing Advisory Committee welcomed the achievements of the Subregional Centre for Human Rights and Democracy in Central Africa, in particular in the area of tracking population movements and their impact on peace and security in Central Africa.

41. The Standing Advisory Committee acknowledged that population movements posed challenges to human security and respect for human rights in the subregion. However, member States were also aware that migrations represented an opportunity for improved political and economic integration in Central Africa.

42. The Standing Advisory Committee encouraged member States to take on board the results of the subregional dialogue on migration and human rights hosted by the Centre in Yaoundé from 6 to 8 December 2010. The issues in question included, inter alia, the need to ratify and implement the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families and the harmonization of domestic legislation with international human rights norms, particularly with regard to migration. In addition, recommendations had been made

concerning the adoption and implementation of national migration management policies with a human rights-based approach; capacity-building for those involved in population movement and human rights management; and the establishment of multisectoral structures with effective civil society participation, for cooperation on migration and human rights.

J. Impact of climate change on peace and security in Central Africa

43. At the initiative of the Democratic Republic of the Congo, the Standing Advisory Committee examined for the first time the topic of climate change and its impact on peace and security in Central Africa. The Committee heard with interest the briefings of the Democratic Republic of the Congo and Sao Tome and Principe. States exchanged views on the question, which represented a real threat to populations and to the institutional stability of Central Africa.

44. The Standing Advisory Committee expressed its concern at the continued deterioration of the Congo Basin, which was a factor of instability and a genuine threat. It appealed to the international community to support environmental preservation in the Congo Basin. The Committee welcomed the organization of the first Summit of the three tropical forest basins,¹ which would be held in June 2011 in Brazzaville.

K. Implementation of General Assembly resolution 65/189 entitled "International Widows' Day"

45. Following a statement delivered by the delegation of Gabon, the Standing Advisory Committee decided that upcoming ministerial meetings should include on their agenda the consideration of General Assembly resolution 65/189, adopted on the initiative of Gabon on 2 December 2010 and entitled "International Widows' Day", on the need to protect widows and their children.

L. Central African Common Position on the Arms Trade Treaty

46. The Standing Advisory Committee heard a statement made by the Secretary of the Committee regarding the content of the Arms Trade Treaty and, in particular, the outcome of discussions on its scope, criteria and parameters, which had taken place at the second session of the Preparatory Committee for the 2012 Conference on the Arms Trade Treaty in February and March 2011.

47. In order to underscore member States' support for the negotiation of an Arms Trade Treaty, the Standing Advisory Committee decided to adopt a common position, the Sao Tome Declaration (see A/66/172-S/2011/225, annex I). The Declaration was prepared with the support of UNREC in its capacity as secretariat of the Committee. The Committee requested that UNREC should follow up implementation of the Declaration.

48. Through its Common Position, Central Africa aims to ensure that the specificities of the region are reflected in the negotiations and the implementation of

¹ The tropical forest basins of the Amazon, Congo and Borneo-Mekong regions.

the resulting treaty. Along with the Kinshasa Convention, the Declaration shows that Central African States are committed to combating illicit trafficking in small arms and light weapons.

M. Implementation of the Libreville Declaration

49. The Standing Advisory Committee took note of the measures taken by member States to deliver their financial contributions for the implementation of the Libreville Declaration. It thanked those member States that had already delivered their contributions to the Committee's Trust Fund.

50. The Standing Advisory Committee encouraged all member States to strive to make regular contributions to the Trust Fund in accordance with their commitments. It also called on other United Nations Member States and donors to make financial contributions to the Committee's Trust Fund.

III. Administrative and financial matters

51. At the end of 2010, the Committee's Trust Fund had a balance of \$29,305. During the period from 1 January to 30 June 2011, contributions totalling \$46,234 were received.

52. The Secretary-General reiterates his appeal to Member States of the United Nations, in particular States members of the Standing Advisory Committee, and to intergovernmental and non-governmental organizations to contribute to the Trust Fund in order to enable the Standing Advisory Committee to effectively fulfil its mission of assisting the States of the subregion.

IV. Conclusions and observations

53. During the period under review, the Standing Advisory Committee considered such regular agenda items as a review of the geopolitical and security situation in Central Africa, the status of inter-State cooperation and the implementation of disarmament and arms limitation programmes, in particular with respect to small arms and light weapons. It also examined the new topics of peace and stability in Central Africa.

54. The Secretary-General welcomes the fact that the discussions of States members of the Standing Advisory Committee have resulted in recommendations and the adoption of measures whose effective implementation would contribute to the consolidation of peace and security in the region. One major step forward is the Central African Convention for the Control of Small Arms and Light Weapons, Their Ammunition and All Parts and Components That Can Be Used for Their Manufacture, Repair and Assembly (Kinshasa Convention). The Secretary-General encourages States members of the Committee to promptly ratify the Convention. Its entry into force would help reduce the proliferation of weapons and armed violence in the subregion. The Implementation Plan is an essential framework setting forth the institutional, normative and operational measures to be taken at the national and subregional levels.

55. New sources of insecurity with alarming proportions have led the Standing Advisory Committee to address new questions such as the illegal exploitation of natural resources; women, disarmament, non-proliferation and arms control; the protection of widows and their children; combating trafficking in persons, especially women and children; and the impact of climate change on peace and security in Central Africa. Faced with this new situation, stakeholders need to develop new responses.

56. In view of the complex nature of the threats to peace and security in Central Africa, the Secretary-General established the United Nations Regional Office for Central Africa (UNOCA) in Libreville in January 2011 and appointed Mr. Abou Moussa as his Special Representative in the subregion. Following the establishment of the new regional office, the Secretary-General decided to transfer responsibility for acting as secretariat of the Standing Advisory Committee to the Department of Political Affairs. UNOCA will therefore organize the Committee's ministerial meetings as of the thirty-third ministerial meeting to be held in the Central African Republic in September 2011.

57. The Office of Disarmament Affairs will continue to provide substantive input and support the work of the Standing Advisory Committee on issues specifically related to disarmament and arms limitation. The Secretary-General has no doubt that the Committee will continue to act as an important confidence-building forum in the Central African subregion.

Annex

**Financial situation of the Trust Fund for the United Nations
Standing Advisory Committee on Security Questions in Central
Africa for 2010**

	<i>(United States dollars)</i>
Opening balance (31 December 2009)	9 553
Income received (1 January-31 December 2010)	
Voluntary contributions	19 299
Funds received under inter-organizational arrangements	0
Interest income	453
Miscellaneous and other income	0
Subtotal	19 752
Expenditure (1 January-31 December 2010)	0
Programme support costs	0
Subtotal	0
Prior-period adjustments	0
Reserves and closing balance (31 December 2010)	29 305

Note: This information is based on income and expenditure for 2010. During the period from 1 January to 30 June 2011, contributions totalling \$46,234 were received from Angola (\$10,000), the Congo (\$10,961) and Sao Tome and Principe (\$25,273).





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**Macroeconomic policy questions: external debt sustainability
and development**

External debt sustainability and development

Report of the Secretary-General

Summary

The present report, submitted pursuant to General Assembly resolution 65/144, reviews recent developments in the external debt of developing countries with a special focus on policies aimed at avoiding debt crises and the role of credit rating agencies.

* A/66/150.

I. Introduction

1. The present report, which is submitted to the General Assembly in accordance with the request of the Assembly in its resolution 65/144, includes a comprehensive analysis of the external debt situation and debt-servicing problems of developing countries and countries with economies in transition. It describes new developments and trends in external debt and related areas of development finance, discusses the role of credit rating agencies and provides a basis for deliberation on related policy issues.

II. Recent trends and challenges

2. The dollar value of the total external debt of developing countries and countries with economies in transition stood at approximately \$3.5 trillion by the end of 2009 (see annex). The growth rate of total external debt slowed from 8 per cent in 2007-2008 to 3.5 per cent in 2008-2009. Although, 2010 data from the World Bank Debtor Reporting System are not yet available, the United Nations Conference on Trade and Development (UNCTAD) secretariat estimates that debt grew by approximately 10 per cent during 2010, bringing total external debt to nearly \$3.9 trillion. This large increase in the dollar value of external debt was partly due to gyrations in the value of the United States currency in 2010, which depreciated by approximately 6 per cent in effective terms.

3. Even though the dollar value of debt increased, robust output and export growth in the developing world led to a decrease in debt ratios, reversing the deterioration witnessed in the 2008-2009 period. The average debt service to export ratio of developing countries decreased from 12 per cent in 2009 to an estimated 9.2 per cent in 2010, and their average external debt to gross national income (GNI) ratio decreased from 21.8 per cent in 2009 to an estimated 20.2 per cent in 2010.

4. Improvements in debt ratios are driven by the fact that developing countries, as a group, are running large current account surpluses and have thus become net exporters of capital. Recent estimates indicate that developing countries provided a net transfer of financial resources to developed countries of approximately \$557 billion during 2010.¹ Even though, on average, developing countries do not need foreign financing, private capital continues to flow towards selected emerging market countries. Net private capital inflows to such countries are estimated to have surpassed \$900 billion in 2010, a 50 per cent increase over 2009 flows, and are projected to reach \$1 trillion by 2012.

5. Balance of payments accounting requires that current accounts and capital accounts sum to zero. Therefore, a situation in which developing countries run a current account surplus and receive net private capital inflows requires large official outflows to balance them out. The rapid accumulation of international reserves is the outcome of this process. In 2010, total international reserves of developing countries surpassed \$5.5 trillion, corresponding to 1.5 times the total external debt of developing countries.

¹ *World Economic Situation and Prospects 2011* (United Nations publication, Sales No. E.77.11.C.2).

6. Private capital flows of the "carry trade" type continue to be attracted by high interest rates, which are not caused by the scarcity of funds but rather by the attempts of central banks to fight inflation in growing economies.² It is sometimes argued that large private inflows to developing countries signal the strength of the receiving economies, although such flows are often a symptom of a poorly functioning international financial architecture, which can result in a situation in which investors based in the developed economies lend to private borrowers and central banks in emerging market countries, who then lend back to the public sector of the developed economies. Such enormous gross capital flows do not serve to promote capital accumulation or structural transformation. On the contrary, they may lead to a new form of the "Dutch disease",³ where the exchange rate value is driven by speculative capital flows rather than being determined by market fundamentals. Misaligned exchange rates undermine national efforts to develop the manufacturing industry and to diversify domestic production and exports.

7. This new form of the Dutch disease is more dangerous than the traditional one, which was driven by commodity booms. The traditional form leads to distortions but also increases the wealth of a country, whereas the financial form is driven by debt flows that need to be repaid and thus have no direct effect on a country's net wealth (since short-term flows are rarely invested in productive activities). Therefore, in addition to creating the typical distortion associated with the Dutch disease, "carry trade" activities also plant the seed for a currency crisis, which takes place when investors decide to suddenly abandon a given target currency. When such a crisis hits, exchange rates tend to run out of control and central banks attempt to stabilize the situation by increasing interest rates, a procyclical policy that ends up causing further damage to the real economy.

8. The trends described above are mostly driven by the large emerging market countries, a factor which masks the fact that there is substantial heterogeneity among developing countries. The majority of developing countries are still net importers of capital. In 2009, there were 117 developing countries (out of 158 for which data were available) with a current account deficit; 81 of those 117 countries had a current account deficit greater than 5 per cent of their gross domestic product (GDP). In 2010, the number of developing countries with a current account deficit dropped slightly, to 114, of which 72 had a current account deficit greater than 5 per cent of GDP. Almost all least developed countries (43 out of 49) ran current account deficits in 2009 and 2010. More than two thirds of those countries (37 in 2009 and 33 in 2010) had current account deficits greater than 5 per cent of GDP.

Regional trends

9. In 2010, debt service represented less than 4 per cent of exports in East Asia and the Pacific, more than 22 per cent of exports in Eastern Europe and Central

² United Nations Conference on Trade and Development, *Trade and Development Report* (2006, 2007, 2008, 2009 and 2010).

³ According to Ebrahim-zadeh, Christine, "Back to Basics — Dutch Disease: Too much wealth managed unwisely" (*Finance and Development*, March 2003, Volume 40, No. 1), although the disease is generally associated with a natural resource discovery, it can occur from any development that results in a large inflow of foreign currency, including a sharp surge in natural resource prices, foreign assistance and foreign direct investment.

Asia, 5.3 per cent in sub-Saharan Africa, 5.8 per cent in the Middle East and North Africa, 6.8 per cent in South Asia and 14 per cent in Latin America and the Caribbean. External debt is close to 40 per cent of GNI in Eastern Europe and Central Asia and 12 per cent of GNI in East Asia and the Pacific, approximately 14 per cent in Middle East and North Africa, 18 per cent in sub-Saharan Africa and South Asia and 24 per cent in Latin America and the Caribbean. Even in the presence of large regional differences, debt ratios have improved in almost all developing regions. The largest drop in the external debt to GNI ratio was in Eastern Europe and Central Asia (5 percentage points drop) followed by sub-Saharan Africa (3.5 percentage points), East Asia and the Pacific, South Asia and the Middle East and North Africa. Latin America and the Caribbean is the only region for which the external debt to GNI ratio remained at its 2009 level. International reserves are particularly large in East and South Asia (more than twice total external debt), but they are also substantial in other developing regions. All regions have reserves that exceed their short-term external debt by at least three times and that cover at least 50 per cent of their total external debt.

10. Although improvements in debt indicators, current account surpluses and high reserve coverage can increase the resilience of developing countries to external shocks, these figures represent averages that mask large cross-country differences. Debt ratios vary across countries and reserve coverage is limited and rapidly decreasing in some small and vulnerable economies.

11. In sub-Saharan Africa, higher commodity prices, particularly for oil, helped to narrow both fiscal and current account deficits in 2010. Average fiscal deficits to GDP decreased from 7.2 per cent in 2009 to 5.6 per cent in 2010, while average current account deficits to GDP went from 2.4 per cent to 2.3 per cent. The improvement in current account deficits varied among countries in the region, however. While oil and mineral exporters benefited from high commodity prices, and also experienced a marked improvement in their current accounts, the current account deficit widened in many oil-importing countries. The situation is particularly worrisome for some small African countries which are expected to register large current account deficits in 2011.⁴ Although, international reserves have remained broadly stable in 2010 compared to 2009, 10 African countries had reserve coverage at levels well below the 3-months of imports threshold.⁵

12. Average economic growth of countries in Asia and the Pacific continued to outperform that of the rest of the developing world. The region continues to run large current account surpluses. Remittances, which are particularly important for some small economies in the region, grew by more than 6 per cent during 2010. While Asia was not particularly affected by the global crisis, there are some downside risks. The region's exports may suffer from a protracted crisis in Europe and by second-round effects from higher oil prices, which could lead to a slowdown of global demand. Moreover, large and volatile capital inflows remain a source of risk for several Asian economies, especially for those with large current account deficits. Many Pacific Island countries recorded widening current account deficits

⁴ Oil-importing countries emerging from conflict have the largest current account deficits. Current account deficits are expected to increase by more than 5 per cent of GDP in Cape Verde, Lesotho, the Comoros and Sao Tome and Principe.

⁵ Benin, Djibouti, Gambia, Liberia, Malawi, Mauritania, Sierra Leone, the Sudan, Togo and Zimbabwe.

for 2010. These countries, as a result of their marked dependence on food and fuel imports, remain vulnerable to rising commodity prices.

13. Notwithstanding recent increases in Government spending, oil exporting countries in the Middle East and North Africa are expected to strengthen their fiscal and external balances as a result of strong growth in certain countries in 2011. In contrast, the economic outlook for oil importers is mixed. Some countries are benefiting from greater trade and remittance receipts from oil exporters within the region, but the risks to those countries are mainly on the downside. The near-term economic outlook is subject to unusually large uncertainties stemming from recent political unrest. Further deterioration of investor confidence could leave Governments short of needed financing, especially in countries with growing current account deficits owing to sudden drops in tourism and export revenues.

14. In 2010, average external debt ratios of countries in Latin America and the Caribbean registered a small improvement. However, several countries in the region are registering widening current account deficits as import growth outpaces export growth, even for commodity exporters that are benefiting from higher commodity prices. High commodity import prices are a source of vulnerability for most small Caribbean island countries, which are already in a situation of high public and external debt.⁶

III. Debt situation of the least developed countries

15. The least developed countries tend to have high external debt levels. In 2009, the total debt of the 49 countries belonging to the group stood at 32 per cent of the group's GNI, 10 percentage points higher than the average for all developing countries. Estimates for 2010 indicate that the average debt of the least developed countries will drop to 28 per cent of GNI, 8 percentage points higher than the estimate for the average developing country. Because a large share of the debt of the least developed countries has been arranged on concessional terms, debt service costs tend to be lower for them. In 2009, the average debt service for the least developed countries was 6 per cent of exports compared to 12 per cent for the average developing country.

16. The global recession ignited by the collapse of Lehman Brothers led to a large increase in the total external debt of the least developed countries, which increased from \$144 billion in 2007 to \$162 billion in 2009, although it is estimated to have dropped to \$156 billion in 2010. In terms of the share of exports, total external debt increased from 84 per cent in 2008 to 112 per cent in 2009, but is estimated to have declined to 89 per cent in 2010. While the situation is now improving, the pace of recovery has been uneven and economic growth has not yet returned to pre-crisis levels for all countries.

17. Strong policy buffers contributed to the resilience of the least developed countries during the crisis. However, these countries are rapidly running out of fiscal policy space as countercyclical Government spending increased public debt, reduced international reserves and widened current account deficits.⁷ According to the most recent debt sustainability analysis exercises, three least developed

⁶ Trinidad and Tobago is an exception.

⁷ International Monetary Fund, *Fiscal Monitor*, April 2011.

countries are in debt distress and another 11 are at high risk of debt distress.⁸ It is important, therefore, not to be misled by the resilience of these countries as a group, or to ignore cross-country differences. In the light of the vulnerability of the least developed countries to external shocks, the International Monetary and Financial Committee of the Board of Governors of the International Monetary Fund (IMF) has requested a refinement of the tools to assess debt sustainability in low income countries, and intends to explore avenues to help them to improve their ability to manage under circumstances of high volatility.⁹

18. Rebound in GDP growth will be essential if the least developed countries are to return to the pre-crisis path towards greater debt sustainability. Countercyclical policies, debt relief and official development assistance (ODA), foreign direct investment (FDI) and remittance flows have been important for recovery. However, the "Asia effect" was the main driver of external demand, and of the economic rebound, for those least developed countries that export commodities.¹⁰ Downside risks still abound, as many countries remain vulnerable to the recent surge in food and fuel prices. Debt problems in the euro zone could negatively impact exports to Europe, a main trading partner for most non-oil-exporting countries in sub-Saharan Africa.

IV. Preventing public debt crises

19. The design and implementation of policies aimed at avoiding public debt crises must take the origins of the crises into consideration. The basic public debt accumulation equation states that the change in the stock of public debt is equal to the fiscal deficit accumulated during the period under consideration. Practitioners know that this definition rarely holds true, and add to the deficit a residual entity which reconciles the change in debt with the deficit. Since the debt is a stock variable and the deficit is a flow variable, this residual entity is usually called "stock flow reconciliation". Although, practitioners know about the stock flow reconciliation, this residual term rarely appears in descriptions of the evolution of public debt because it is often assumed to be quantitatively small and mostly driven by measurement error. In fact, this is not the case. Over the 1985-2005 period, there were many episodes in which the stock-flow reconciliation was the largest determinant of debt growth, much more important than the recorded budget deficit.

A. The origin of public debt crises

20. A few examples of sudden debt explosions can be instructive. At the end of 2007, Iceland's total Government debt was approximately 380 billion krónur (29 per cent of GDP). By the end of 2010, the total public debt of Iceland was close to 1,850 billion krónur (about 115 per cent of GDP). This debt explosion was not the

⁸ As of May 2011, the least developed countries in debt distress include: the Comoros, Guinea and the Sudan. Countries at high risk of debt distress include: Afghanistan, Burkina Faso, Burundi, the Democratic Republic of the Congo, Djibouti, the Gambia, Guinea-Bissau, Haiti, the Lao People's Democratic Republic, Sao Tome and Principe and Yemen.

⁹ International Monetary and Financial Committee communiqué, 16 April 2011, see <http://www.imf.org>.

¹⁰ Economic Commission for Africa, *Economic Report on Africa 2011*.

outcome of an irresponsible fiscal policy. In 2008, Iceland ran a budget deficit of 0.5 per cent of GDP and in 2009 and 2010 it ran budget deficits of 9 and 12 per cent of GDP, respectively. The accumulated budget deficit was 22.5 per cent of GDP, but the debt-to-GDP ratio increased by 86 percentage points.¹¹

21. In 2007, Ireland had a gross public debt of approximately €47 billion (25 per cent of GDP). By the end of 2010, the public debt of Ireland had increased by more than €100 billion (nearly 100 per cent of GDP). While Ireland ran a deficit of approximately €65 billion, the remaining €35 billion of debt accumulation cannot be explained by fiscal policy.¹²

22. There are also examples to consider among emerging market countries. For example, in December 1998, Brazil's net public debt stood at approximately 42 per cent of GDP; by January 1999, that ratio surpassed 51 per cent of GDP. It seems unlikely that the Brazilian Government could have run a deficit of almost 10 per cent of GDP in just one month. In the case of Argentina, at the end of 2001, public debt stood at about 50 per cent of GDP; a few months later, Argentinean public debt surpassed 130 per cent of GDP. Once again, it seems unlikely that the Argentinean Government could have run a deficit equal to 80 per cent of GDP in less than one year.

23. The drivers of the debt explosions documented above are well known. In the case of Iceland, the origin was a currency crisis, which then led to a banking crisis and finally to a public debt crisis. In the case of Ireland, the growth of public debt was driven by a banking crisis caused by a real estate lending boom. In the cases of Argentina and Brazil, the sudden increase in debt was due to negative balance sheet effects brought about by the presence of foreign currency debt.

24. These are not rare events. A study using data for up to 117 countries over the period from 1985 to 2003 shows that the stock flow reconciliation factor is an important determinant of debt growth in all developing regions.¹³ The average value of this residual entity was 9.6 per cent of GDP for low income countries, 4.9 per cent of GDP for middle income countries and 0.8 per cent of GDP for high income countries. Over the same period, the average budget deficit to GDP for these three groups of countries was 4.7 per cent, 4.1 per cent, and 3.3 per cent, respectively.

25. The statistical exercise mentioned above found that the most important determinants of debt explosions are banking crises and negative balance sheet effects driven by currency depreciations in the presence of foreign currency debt.

26. Measurement error is also important. Data on the level and composition of public debt tends to be of poor quality and assembled from sources that differ from the sources used to gather fiscal data. However, if the difference between deficits and the change in debt were solely the result of random measurement error, positive errors would compensate negative errors and the stock flow reconciliation would average to zero over the long run. The data show that this is not the case and that the

¹¹ Even these deficits were not due to profligate fiscal policies but were a consequence of the economic crisis that followed the collapse of Iceland's largest banks. As late as 2006, Iceland ran a budget surplus which was well above 6 per cent of GDP.

¹² Again, the large deficits of 2008-2010 were driven by Ireland's economic collapse and not by explicit fiscal policy decisions.

¹³ See C. F. S. Campos, D. Jaimovich and U. Panizza, "The unexplained part of public debt", *Emerging Markets Review*, vol. 7, No. 3 (2006).

long-run average of the stock flow reconciliation is positive and large. This might be due to the fact that measurement errors in fiscal accounts are non-random and that some countries systematically underreport their deficits. Increasing the transparency of fiscal accounts would contribute to solving this problem.¹⁴

B. Policies for preventing debt crises

27. Although debt crises do not always have a fiscal origin, there are cases in which they are indeed caused by unsustainable fiscal policies and by institutional arrangements in the capital markets that conceal the true risks of lending and borrowing activities. A transparent budget process could help to prevent the accumulation of debt beyond reasonable limits. Nevertheless, room for discretionary fiscal policy is indispensable. The ability of Governments to put countercyclical policies in place and to stabilize themselves against other shocks should be permitted in all circumstances.

28. To request all countries at all times to stick to the same critical debt level as a way to preserve debt sustainability may not be the best way to attain this objective. Governments, in their economic policy and debt strategy, have to take into account the specificities of their societies and their external constraints. For example, a country with a very high savings rate on the part of private households should try to increase its engagement in productive investment and may need a higher public debt ratio, in particular if it cannot rely on running a current account surplus that would compensate for the savings of the domestic agents.

29. A large fiscal deficit is the only sensible response to rapid deleveraging by the private sector. Governments that want to prevent debt explosions should thus put in place policies aimed at preventing the build-up of private sector debt, which is usually followed by financial catastrophe and which may lead to widespread banking crises. This is especially important if debt accumulation is not driven by the need to finance investment projects but used to finance speculative activities. Tighter financial regulation, higher capital requirements for banks and capital controls are useful instruments for limiting excessive risk taking by the private sector.

30. Currency mismatches are another source of debt crises. Countries that need to balance their external accounts and have a large share of foreign currency debt face difficult trade-offs. In the absence of the positive terms to be gained through trade shocks, currency depreciation is the least painful way to restore external sustainability. However, in the presence of foreign currency debt, a depreciation can lead to a sudden jump in the debt-to-GDP ratio, and possibly to a debt crisis. In order to find a solution to this problem, one should start by recognizing that it is during economic booms that countries sow the seeds of future crises. In periods of global optimism, capital inflows flood into developing countries, which are often unable to restrict the amounts. Different sectors within such countries often go on a borrowing binge. This behaviour not only leads to a rapid accumulation of external debt but often to an appreciation of the real exchange rate and to large external imbalances. When the external imbalance becomes too large, foreign investors start

¹⁴ The unexplained part of debt may also be linked to the inability of Governments to keep track of and report on their contingent liabilities.

pulling money out. However, because of their large foreign currency debt, countries often adopt policies aimed at limiting outflows or even attracting more capital, making the problem even more difficult to solve. In the end, the inevitable happens, capital leaves the country, its currency collapses and a debt crisis begins.

31. The solution to this trade-off requires a change of behaviour during "good times", with less external debt, more reserves and policies aimed at limiting currency appreciation. This is exactly what the largest emerging market countries have been doing since the late 1990s.

32. External shocks, which are another cause of debt explosions, can take the form of natural disasters, rapid changes in a country's terms of trade or a sudden tightening of external financial conditions. Countries can deal with these shocks by "self-insuring" through the accumulation of international reserves. One problem with self-insurance is that not all countries can afford to do it (this is especially a problem for low income countries). Moreover, while this policy is rational for each individual country, the world as a whole cannot run a current account surplus. It would thus be desirable to have a global policy aimed at addressing the global imbalances.¹⁵

V. Role of credit rating agencies

33. The Asian financial crisis of 1997-1998 ignited a debate on the role and effectiveness of credit rating agencies. The issuance of top investment grades for a number of structured products and their subsequent rapid downgrade during the 2007-2009 financial crisis restarted the debate on the methodology used by such agencies.¹⁶ The European sovereign debt crisis of 2010 came at a time when confidence in the agencies had already been shaken by previous rating debacles.

34. The theoretical rationale for the existence of credit rating agencies is based on the fact that there is an asymmetry of information between lenders and borrowers with regard to the creditworthiness of the latter. In order to overcome this problem, there is a need for the existence of independent institutions to supply the information on the creditworthiness of borrowers to the capital market. This type of information is particularly important for medium- and small-sized investors who do not have the resources or the capacity necessary to evaluate the creditworthiness of various issuers.

35. Credit rating agencies should also encourage corrective measures by borrowers through their monitoring services. Such a monitoring system is supposed to provide stability to the financial system, as borrowers have an incentive to prevent the downgrading of their debt and the associated increase in their borrowing costs.

36. Credit ratings also play an important role in financial regulation. Rating decisions affect the composition of the portfolio of banks and institutional investors

¹⁵ For such a proposal see the UNCTAD *Trade and Development Report 2009* (United Nations publication, Sales No. E.09.II.D.16).

¹⁶ According to IMF estimates (IMF, *Global Financial Stability Report*, October 2010), more than 75 per cent of mortgage-related securities that were rated AAA before the crisis dropped to below investment grade as the financial crisis unfolded.

because credit ratings have an impact on the banks' capital charges and on the type of debt instruments that can be held by certain types of institutional investors.¹⁷

37. There are two possible reasons why credit rating agencies may increase financial instability. First, a rapid downgrading of previously investment grade instruments may lead to forced selling of those instruments, which amplifies the funding problems of the downgraded borrowers. Moreover, if rating agencies are overzealous in downgrading borrowers that are facing funding problems, they may amplify the original problem and push the borrowers towards default. Second, changes in the ratings of systemically important borrowers may have spillover effects, leading to an increase in borrowing costs even for borrowers in the same asset class whose credit rating has not changed. This contagion effect may be due to the fact that investors have little faith in the stability of ratings and may decide to sell in anticipation of possible downgrades in other countries. Rating agencies are thus unable to calm markets by confirming the positive credit rating of countries not directly affected by debt problems. This represents a policy challenge for developing countries as the cost of borrowing can suddenly increase without any of the fundamental variables showing deterioration.

38. To alleviate some of these problems, credit rating agencies have adopted a system of "outlooks" and "reviews" to warn the market of potential changes in credit ratings. In principle, the introduction of such a system is an improvement over previous practices as it applies pressure on the borrower to introduce corrective measures to avoid a downgrade. Nevertheless, markets are forward looking, and changes in outlook may increase borrowing costs and lead to a further deterioration of the debt position, possibly leading to a self-fulfilling prophecy and an actual downgrade.

39. Under current practices, issuers pay for the rating of securities, or in the case of countries for sovereign ratings. This model produces incentives for borrowers to do business with the agency that will give the best credit rating. As credit rating agencies have no liability in case the market proves them wrong in the future, they have an incentive to stretch the credit rating upwards as much as they can in order to win new business or to maintain existing clients.

40. The misalignment of incentives in the credit rating industry has generated two types of reactions. Some take a radical view and suggest that the regulatory use of ratings should be eliminated and that market-based discipline is sufficient to guarantee the stability of the financial system. Others argue that eliminating the regulatory role of credit rating agencies is equivalent to throwing the baby out with the bath water. Those who share this view acknowledge the potentially useful role of credit rating agencies for regulatory purposes and recognize that market-based discipline does not always work well, especially if the ultimate risk is not borne by those (such as asset managers) who choose the composition of a given portfolio of assets.¹⁸

¹⁷ Certain institutional investors are precluded from holding securities rated below investment grade. Central banks use credit ratings to determine securities that will be accepted as collateral for providing liquidity to commercial banks. For commercial banks, capital requirements depend on the credit rating of their assets.

¹⁸ Elkhoury, M. (2008). "Credit rating agencies and their potential impact on developing countries", UNCTAD/OSG/DP/2008/1.

41. Problems linked to rating inflation could be allayed by developing payment models that provide better incentives for more accurate ratings. One possibility would be to return to investor-paid ratings financed through a transaction tax. A more radical proposal would be to nationalize the agencies. But nationalization would generate conflicts of interest, especially in the rating of sovereign and quasi-sovereign entities. A less radical form of intervention is to subject rating agencies to regulatory oversight and to publish rating performance on a regular basis.¹⁸

42. One way to provide the rating industry with the right incentives is to require issuers who want to have their instruments listed in a given exchange to pay a listing fee (possibly based on the complexity of the instrument), which will then be used to hire a credit rating agency (if the securities are not traded, the same mechanism can be applied by clearing houses or central depositories).¹⁹ Such a procedure breaks the commercial link between the issuer and the rating agency and eliminates the conflict of interest that leads to rating inflation. The issuer would still have to provide information to the rating agency but would not be allowed to remunerate it. As this procedure may not provide incentives to put "effort" into the rating exercise (yielding unbiased but inaccurate ratings), it would be possible to design incentive schemes by matching ratings with observable ex post facto outcomes.

43. While the incentive problem seems to be of paramount importance in explaining rating failures for privately issued securities, the failure of sovereign debt ratings probably has more to do with insufficiently developed methodology. The Asian crisis has shown that a number of variables that were not judged to be important in determining the credit rating of countries before the crisis, such as the level of the real exchange rate, short-term debt and contingent liabilities, were crucial in explaining the events that unfolded. Although a number of these elements have subsequently been included in assessing the credit rating of sovereign debt, it is still not clear what weights are assigned to different variables by credit rating agencies. Furthermore, as a crisis unfolds, correlations between variables that existed prior to the crisis tend to break down, making the model on which the rating was based obsolete. The way forward would necessitate greater transparency on the part of the credit rating agencies over their methodology and a public debate on ways to improve modelling risk. In this regard, the General Assembly, in its resolution 61/188, called upon the international financial and banking institutions to consider enhancing the transparency of risk rating mechanisms and noted that sovereign risk assessments made by the private sector should maximize the use of strict, objective and transparent parameters, which could be facilitated by high-quality data and analysis.

VI. Debt relief and official development assistance

A. Progress in the implementation of the Heavily Indebted Poor Countries and the Multilateral Debt Relief Initiatives

44. From mid-2010 to mid-2011, progress in the implementation of the Heavily Indebted Poor Countries Initiative continued to move forward, with four additional

¹⁹ Mathis, J., Mc Andrews, J. and Rochet J. C. (2009), "Rating the Raters: Are reputational concerns powerful enough to discipline rating agencies?", *Journal of Monetary Economics*, vol. 56, No. 5.

countries reaching the completion point (the Democratic Republic of the Congo, Guinea-Bissau, Liberia and Togo) and one reaching the decision point (the Comoros). This means that 32 of the 40 eligible countries have now completed the initiative. All the countries that reached the completion point have benefited from additional debt relief under the Multilateral Debt Relief Initiative.²⁰ The remaining countries that have yet to complete the initiative include four countries that have reached the decision point and four eligible heavily indebted poor countries that have yet to begin the process.

45. While this progress is encouraging, there is concern that a number of post-completion point heavily indebted poor countries are continuing to show signs of debt distress. Of the 32 countries that have reached the completion point, 8 were deemed to be at high risk of debt distress and 11 to be at moderate risk of debt distress in their last debt sustainability analysis (dated 15 May 2011). The percentage of post-completion point countries at low risk of debt distress (40 per cent of the total) is not much higher than the share of other low income countries that are not part of the Heavily Indebted Poor Countries Initiative at low risk of debt distress (38 per cent of the total).²¹

46. As the Heavily Indebted Poor Countries Initiative winds to a close, solutions to addressing persisting debt problems of developing countries must be explored. It should be noted that there are eight least developed countries classified as being at high to moderate risk of debt distress that did not benefit from the Heavily Indebted Poor Countries or Multilateral Debt Relief Initiatives. Solutions should not therefore be restricted solely to countries that have benefited from the Heavily Indebted Poor Countries Initiative. There is also the thorny issue of domestic debt. In the case of the Gambia, a country that has received substantial debt relief, 20 per cent of Government revenues are used for interest payments on debt, of which 80 per cent is directed to payments for domestic debt.

Official development assistance

47. In 1970, the General Assembly adopted resolution 2626 (XXV) on the "International Development Strategy for the Second United Nations Development Decade", which stated that "... each economically advanced country will progressively increase its official development assistance to the developing countries and will exert its best efforts to reach a minimum net amount of 0.7 per cent of its gross national product at market prices by the middle of the Decade." After four decades, only a handful of donor countries have reached the 0.7 per cent target.

48. Over the past decade, the global discourse in support of the delivery of assistance to developing countries has remained positive. In 2000, Member States adopted the Millennium Development Goals, which outlined eight global actions to reduce global poverty by 2015. Donors reaffirmed their commitment to increasing

²⁰ The Multilateral Debt Relief Initiative provides full debt relief (100 per cent cancellation) from their outstanding multilateral debt claims to IMF, the International Development Association (IDA), the African Development Fund (AfDF) and the Inter-American Development Bank (IDB).

²¹ There are 29 low income countries that are not members of the Highly Indebted Poor Countries Initiative. Of these 29 countries, 11 are at low risk of debt distress (see <http://www.imf.org>).

aid flows in the 2002 Monterrey Declaration, the outcome of the International Conference on Financing for Development. In 2005, the Group of Eight (G-8) countries issued the Gleneagles communiqué, which underlined the commitment of the members of the G-8 and other donors to increase assistance to developing countries and to double aid to Africa by 2010, thus increasing ODA to Africa by \$25 billion a year. The Organization for Economic Cooperation and Development (OECD) estimated that these commitments would increase aid to developing countries by \$50 billion a year by 2010, relative to 2004 levels.²² Building upon those commitments, at the 2005 World Summit, held at United Nations Headquarters, Member States reiterated their determination to ensure the timely and full realization of the development goals and objectives agreed at major United Nations conferences and summits. In particular, donors reaffirmed their commitments to increase aid to developing countries and to reach the 0.5 per cent ODA to GNI ratio by 2010 and 0.7 per cent ratio by 2015.²³

49. Unfortunately, actual delivery of ODA never came close to matching those commitments. In 2010, ODA delivered by donors to the OECD Development Assistance Committee reached \$129 billion, constituting a 6.5 per cent increase over 2009 in nominal terms and a \$21 billion increase with respect to 2005, marking the highest nominal level of ODA to date. The figures, encouraging at first glance, present a more dismal picture of aid efforts when the evolution of exchange rate, inflation, and growth are taken into account. The calculations of the UNCTAD secretariat suggest that controlling for inflation and the depreciation of the United States dollar removes between \$5 billion and \$15 billion (depending on the assumptions used) from the \$21 billion increase. Therefore, the "real" increase of aid flow over the period from 2005 to 2010 is between 25 to 70 per cent lower than the nominal increase reported in official figures.

50. Although donors have remained committed to the neediest countries, they are not meeting the ODA targets on which they have repeatedly agreed. While some donors have surpassed the 0.7 per cent of ODA to GNI target, most donors are still far from achieving it. In fact, in 2010, average ODA was equal to 0.32 per cent of the GNI of donor countries, which is exactly the same value of ODA to GNI as in 2005, when donors were renewing their commitments to increasing aid.²⁴

51. Not only have donor countries not met their commitments to increase aid, it is possible that the global financial and economic crisis will lead to a reduction of aid flows. Many donor countries, facing increasing pressure to cut budgets owing to combinations of increased spending requirements and lower tax revenues, reduced their ODA contributions in 2010.²⁵ According to the *2010 OECD Report on Aid Predictability: Survey on Donors' Forward Spending Plans, 2010-2012*, the growth rate of aid is likely to slow in the coming years.

52. This decline will have negative implications for low income countries and small and vulnerable economies. Debt relief and other forms of ODA provide important sources of financing that are essential for countries pursuing the Millennium Development Goals and other internationally agreed development goals,

²² Gleneagles communiqué, paras. 24 and 28.

²³ General Assembly resolution 60/1, paras. 17 and 23 (b).

²⁴ OECD, *Statistics on Resource Flows to Developing Countries*, table 4, "Net Official Development Assistance by DAC Country", see www.oecd.org.

²⁵ OECD, "Development aid reaches an historic high in 2010", see www.oecd.org.

in particular for countries with narrow tax bases and unpredictable revenue streams. The World Bank reported in its publication, *Global Monitoring Report 2011: Improving the Odds of Achieving the MDGs*, that few of the 40 low income countries are on track to meet the Millennium Development Goals by 2015. Two thirds of developing countries are on track to meet key targets for reducing poverty and hunger, although the world is lagging behind in health-related development goals, including child and infant mortality and access to sanitation.

Paris Club activities

53. Of the seven Paris Club meetings held since July 2010, all but one was devoted to treating the debt of the heavily indebted poor countries.

54. In July 2010, Guinea-Bissau rescheduled the arrears on its Paris Club debt, including maturities falling due between December 2009 and December 2012, under the Cologne terms. The country reached the completion point under the Heavily Indebted Poor Countries Initiative at the end of 2010, opening the way for a debt stock treatment under the Initiative in May 2011. On a bilateral and voluntary basis, Paris Club creditors decided to go beyond the standard debt cancellation under the Initiative and wrote off an additional \$27 million of Guinea-Bissau's official bilateral debt.

55. Comoros reached the decision point in June 2010, paving the way for a meeting of the Paris Club to consider debt relief for the country in August 2010. Maturities falling due between June 2010 and June 2012 were treated under the Cologne terms, and the previously rescheduled debt benefited from an additional reduction of 50 per cent of debt service falling due, as was agreed at the 2009 meeting.

56. In September 2010, Antigua and Barbuda came to the Paris Club for the first time. Creditors agreed to treat about 85 per cent of the debt service falling due during the three-year consolidation period, 2010-2013, under the Club's "classic terms". The rescheduling also included roughly \$98 million worth of arrears.

57. Following the attainment of the completion point under the Heavily Indebted Poor Countries Initiative in June 2010, Paris Club creditors met with Liberia in September to consider the country's external debt situation. The treatment granted to Liberia was generous, reflecting the country's capacity to pay. Liberia obtained a 100 per cent write-off on its pre-cut-off date debt, including the full cancellation of late interest. Both post-cut-off non-ODA debt and short-term debt were also cancelled in full.

58. In November 2010, a Paris Club meeting was held to consider the debt situation of the Democratic Republic of the Congo after it reached the completion point in the Heavily Indebted Poor Countries Initiative in July 2010. The country's stock of debt was cancelled in line with the requirements of the Initiative.

59. In December 2010, Togo reached the completion point under the Heavily Indebted Poor Countries Initiative and met with its Paris Club creditors during the same month. It obtained a full cancellation of its pre-cut-off date debt as well as a 97 per cent write-off on its post-cut-off non-ODA debt. After the implementation of the agreed cancellations, Togo's debt to the Paris Club creditors will be reduced by about 95 per cent.

VII. Conclusions and policy recommendations

60. The majority of developing countries were resilient in the face of the global financial crisis ignited by the collapse of the subprime housing market in the United States of America. Policymakers, however, should not be complacent. Some of the least developed countries and small vulnerable low and middle income economies that suffered heavily from the effects of the global recession are quickly running out of fiscal space. They may soon be forced into a counterproductive fiscal contraction, and they face problems in dealing with high food and oil prices. Moreover, the outlook for the global economy remains uncertain and a new shock or even a slow recovery may have negative effects on debt sustainability.

61. While the majority of developing countries are still running current account deficits, many emerging market countries are running current account surpluses and facing a wall of private capital inflows and currency appreciation. This financial Dutch disease has had a negative impact on industrialization and structural change and may lead to future currency crises. It is imperative that the international community put in place a system that can limit unproductive large capital flows, which, rather than promoting economic development, are purely speculative in nature.

62. The global economic events and developments that have taken place in the past several years have been unprecedented, and as a result, much international discourse has been diverted away from the development agenda. The success of achieving the Millennium Development Goals hinges on the provision of adequate and predictable financing. The risks posed to economic growth and poverty reduction of the poorest and most vulnerable countries, as a result of the global crisis, remain. It is imperative for donors to redouble their efforts to keep their ODA commitments in order to consolidate and maintain the progress that has been made thus far and to ensure that future progress is not jeopardized.

63. Many countries that have completed the Heavily Indebted Poor Countries Initiative have been classified as being once again at high risk of debt distress. Policies aimed at guaranteeing debt sustainability will require more research aimed at providing a better understanding of why the Heavily Indebted Poor Countries and Multilateral Debt Relief Initiatives did not succeed in maintaining debt sustainability in this group of countries. There is also a group of least developed countries that did not benefit from the debt relief offered under the two initiatives. These countries have been classified as being at high to moderate risk of debt distress. It would thus be important to consider extending debt relief to those countries (and possibly to all low income countries) and to make sure that, increasingly, aid delivery to low income countries takes the form of grants.

64. Credit rating agencies play an important role in the market for sovereign debt. For developing countries obtaining a credit rating is generally desirable. However, developing countries should be aware of some shortcomings of the rating process. In his 2006 report to the General Assembly, the Secretary-General highlighted the fact that ratings could encourage countries to pursue policies "that address rather the short-term concerns of portfolio investors in order to avoid a downgrading of their rating, while not necessarily taking into account their long-term development needs" (A/61/152, para. 25).

65. Debt crises are particularly costly for the poor and other vulnerable social groups. Putting mechanisms in place to prevent such events should be a top priority item on the international agenda. The prevalence and cost of debt crises can be reduced by using innovative debt instruments, adopting domestic and international regulation aimed at reducing destabilizing capital flows and creating an effective international lender of last resort. The international community can also help by assisting developing countries in their effort to improve and strengthen their debt management capacity.

66. The outcome document adopted at the Fourth United Nations Conference on the Least Developed Countries, held in Istanbul from 9 to 13 May 2011, stated that "Long-term sustainability of debt depends on, inter alia, responsible lending and borrowing by all creditors and debtors ...". Responsible and prudent lending and borrowing is the first line of defence against the emergence of debt problems. In May 2011, following inclusive and transparent multi-stakeholder consultations, UNCTAD released a set of draft principles outlining responsibilities of lenders and borrowers in sovereign financing. Further discussion and consensus-building around this set of principles on responsible sovereign lending and borrowing would contribute to the prevention of debt crises in the future.

67. Even with the best policies, debt crises are bound to happen. It is lamentable that the international financial architecture still lacks a mechanism aimed at facilitating the resolution of sovereign insolvency and impeding litigation by providing a resolution to debt distress that is legally binding on all creditors.

Annex

External debt indicators

(In billions of United States dollars)

	All developing countries and countries with economies in transition ^a						Sub-Saharan Africa					
	1990- 1994	1995- 1999	2000- 2006	2008	2009	2010 ^b	1990- 1994	1995- 1999	2000- 2006	2008	2009	2010 ^b
Total debt stocks	1 439.5	2 026.5	2 351.5	3 425.4	3 545.1	3 891.9	191.5	226.1	210.6	195.5	199.0	196.3
Long-term debt	1 165.5	1 626.5	1 892.6	2 672.0	2 759.2	3 058.1	158.2	177.1	172.8	143.1	156.3	166.3
Private (share)	47.8	54.2	60.8	73.5	72.3	73.7	25.2	24.0	22.5	33.2	34.0	34.1
Private non-guarantee (share)	8.6	21.5	30.7	49.6	49.0	50.7	4.1	5.6	5.6	10.0	11.1	11.7
Short-term debt	238.3	334.7	387.3	728.4	733.7	833.8	26.4	41.3	31.6	48.5	36.5	30.0
Arrears	116.9	126.9	98.1	77.4	78.3		40.4	60.1	40.3	35.1	31.6	
Debt service	148.0	263.1	384.2	539.8	536.6	515.4	10.0	14.7	14.9	14.0	17.6	19.4
International reserves	238.6	517.1	1 359.8	4 156.2	4 775.7	5 485.6	15.2	25.1	57.9	156.5	156.8	158.4
Debt indicators (percentage)												
Debt service/exports ^c	21.3	21.4	17.5	9.6	12.0	9.2	18.7	15.5	9.7	3.6	6.0	5.3
Total debt/exports ^c	210.3	164.9	109.2	61.3	79.4	69.3	349.0	233.4	145.1	50.2	66.5	53.4
Debt service/GNP	4.2	5.1	5.3	3.2	3.3	2.7	5.5	4.6	3.4	1.5	2.0	1.9
Total debt/GNP	41.4	39.0	33.0	20.6	21.8	20.2	103.6	70.1	50.2	20.9	22.0	18.6
Reserves/short-term debt	100.9	156.6	333.8	577.8	657.6	669.9	56.4	61.9	178.3	319.2	431.2	521.9
Reserves/M2	13.6	18.4	22.6	31.6	29.1	27.8	13.9	22.4	29.6	38.9	32.2	28.9
	Middle East and North Africa						Latin America and the Caribbean					
	1990- 1994	1995- 1999	2000- 2006	2008	2009	2010 ^b	1990- 1994	1995- 1999	2000- 2006	2008	2009	2010 ^b
Total debt stocks	144.1	153.4	147.2	137.9	141.3	148.9	483.9	684.5	767.2	890.5	913.0	1 093.7
Long-term debt	119.8	131.2	125.1	116.9	118.7	124.4	375.4	541.6	645.7	749.9	773.1	912.7
Private (share)	33.3	23.6	31.0	36.4	34.5	36.0	64.5	74.1	78.5	82.6	80.7	88.4
Private non-guarantee (share)	0.9	1.6	4.3	5.7	5.2	5.9	11.7	30.6	35.3	44.0	44.1	52.8
Short-term debt	22.5	19.5	20.4	20.8	22.4	24.5	93.0	120.6	96.4	139.8	138.6	181.0
Arrears	8.8	11.9	9.6	0.7	0.7		43.5	12.1	20.2	30.2	32.0	
Debt service	18.2	18.4	20.0	21.7	17.8	19.5	51.8	119.9	162.4	155.6	146.7	137.9
International reserves	23.2	44.7	123.1	339.6	350.1	373.8	83.1	153.3	203.7	485.9	535.9	619.4
Debt indicators (percentage)												
Debt service/exports ^c	27.4	22.5	13.1	5.9	6.3	5.8	27.6	37.4	32.9	15.6	18.6	14.0
Total debt/exports ^c	216.4	189.4	102.5	37.4	49.8	44.7	259.1	216.0	158.7	89.4	115.5	111.0
Debt service/GNP	7.7	5.8	4.4	2.3	1.9	1.9	4.1	6.4	7.7	3.8	3.8	3.0
Total debt/GNP	61.3	48.3	33.7	14.9	15.3	14.5	38.8	36.8	37.2	21.5	23.7	23.7
Reserves/short-term debt	106.4	229.9	588.5	1 635.3	1 562.9	1 526.0	87.7	127.3	211.6	347.6	386.6	342.3
Reserves/M2	14.0	22.0	33.3	47.0	43.0	42.9	15.4	24.1	19.7	24.5	20.1	19.8

	<i>East Asia and the Pacific</i>						<i>South Asia</i>					
	<i>1990-1994</i>	<i>1995-1999</i>	<i>2000-2006</i>	<i>2008</i>	<i>2009</i>	<i>2010^b</i>	<i>1990-1994</i>	<i>1995-1999</i>	<i>2000-2006</i>	<i>2008</i>	<i>2009</i>	<i>2010^b</i>
Total debt stocks	300.4	509.7	557.9	756.8	825.6	903.3	137.7	154.9	184.0	318.9	340.0	378.3
Long-term debt	239.6	396.3	404.0	489.7	502.9	570.9	121.7	143.2	170.7	264.0	282.4	320.4
Private (share)	47.5	59.3	56.9	60.4	59.9	58.8	24.7	27.9	36.5	48.1	49.2	51.2
Private non-guarantee (share)	15.6	32.2	34.1	43.2	41.6	40.0	2.7	7.1	24.6	41.6	43.4	45.4
Short-term debt	59.2	105.4	143.4	266.9	322.4	332.4	9.7	8.3	11.0	49.5	48.5	57.9
Arrears	8.4	15.4	14.7	6.6	7.0		0.1	0.5	0.3	0.1	0.2	
Debt service	37.4	62.8	84.2	96.5	102.4	95.7	12.1	16.6	22.1	36.3	22.3	24.7
International reserves	89.9	218.1	665.1	2 263.7	2 777.0	3 312.1	13.6	31.3	111.9	267.1	296.5	310.9
Debt indicators (percentage)												
Debt service/exports ^c	16.5	13.6	9.7	4.1	5.2	3.7	29.7	25.3	17.4	10.0	7.1	6.8
Total debt/exports ^c	131.9	110.7	63.6	32.5	42.0	35.2	340.8	234.7	146.1	88.1	108.7	104.6
Debt service/GNP	4.6	4.4	3.7	1.7	1.6	1.3	3.2	3.2	2.8	2.4	1.3	1.2
Total debt/GNP	37.0	35.6	24.3	13.0	13.2	12.1	36.6	29.5	23.1	20.9	20.0	18.6
Reserves/short-term debt	155.3	224.9	442.2	849.2	862.7	998.2	177.6	391.4	1 102.3	540.1	611.7	537.3
Reserves/M2	13.6	14.9	19.3	28.8	27.9	27.1	8.1	13.3	21.7	26.5	24.2	20.9
<i>Europe and Central Asia</i>												
	<i>1990-1994</i>	<i>1995-1999</i>	<i>2000-2006</i>	<i>2008</i>	<i>2009</i>	<i>2010^b</i>						
Total debt stocks	181.9	297.8	484.6	1 125.8	1 126.3	1 169.6						
Long-term debt	150.8	237.0	374.4	908.4	925.8	968.5						
Private (share)	60.9	55.4	73.4	91.6	90.4	90.2						
Private non-guarantee (share)	5.0	14.4	42.3	71.8	70.9	70.8						
Short-term debt	27.5	39.6	84.4	203.0	165.4	201.1						
Arrears	15.7	26.9	12.9	4.7	6.7							
Debt service	18.5	30.8	80.7	215.6	229.7	218.1						
International reserves	..	44.7	198.1	643.3	659.4	710.9						
Debt indicators (percentage)												
Debt service/exports ^c	16.6	15.2	20.0	18.9	29.0	22.3						
Total debt/exports ^c	164.8	144.2	127.9	100.1	142.2	119.4						
Debt service/GNP	2.9	4.4	7.0	6.5	9.0	7.3						
Total debt/GNP	28.6	41.7	44.7	34.6	44.0	39.1						
Reserves/short-term debt	60.9	118.8	216.6	331.3	415.9	367.4						
Reserves/M2	14.6	28.4	45.7	53.9	50.4	46.2						

Source: UNCTAD calculations based on the World Bank (*Global Development Finance 2011*) and International Monetary Fund (IMF) (*World Economic Outlook* (online database)) data.

^a Developing countries as defined in *Global Development Finance 2011*.

^b 2010 values are estimates.

^c Exports comprise the total value of goods and services exported.



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Comprehensive Nuclear-Test-Ban Treaty

Comprehensive Nuclear-Test-Ban Treaty

Note by the Secretary-General

1. The report of the Executive Secretary of the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization covering the year 2010 is hereby transmitted to the General Assembly pursuant to the provisions of article IV, paragraph 1, of the Agreement to Regulate the Relationship between the United Nations and the Preparatory Commission (General Assembly resolution 54/280, annex).
2. Since only a limited number of copies of the report are available, it has not been possible to make a full distribution. Delegations are therefore requested to have the copies transmitted to them available during discussion of the item.

* A/66/150.